Paramount Resources Ltd.

Paramount Resources Ltd. Announces its Financial and Operating Results for the Three and Nine Months Ended September 30, 2011

CALGARY, ALBERTA - Nov. 8, 2011 /CNW/ - Paramount Resources Ltd. (TSX:POU) ("Paramount" or the "Company") announces its financial and operating results for the three and nine months ended September 30, 2011: third quarter 2011 average sales volumes increased 48 percent to 20,707 Boe/d.

FINANCIAL AND OPERATING HIGHLIGHTS[1]
($ millions, except as noted)

	Three months ended September 30			**Nine months ended September 30**		
	2011	2010	Change%	**2011**	2010	Change%
Financial[2]						
Petroleum and natural gas sales	**70.5**	44.9	57	**178.4**	138.4	29
Funds flow from operations[3]	**32.8**	24.1	36	**70.2**	72.8	(4)
Per share – diluted ($/share)	**0.42**	0.33	27	**0.91**	1.01	(10)
Net income (loss)	**(22.4)**	6.9	(425)	**(22.1)**	16.3	(236)
Per share – basic and diluted ($/share)	**(0.28)**	0.09	(411)	**(0.29)**	0.22	(232)
Exploration and development expenditures	**107.0**	35.9	198	**321.7**	120.4	167
Investments in other entities – market value[4]				**812.3**	443.7	83
Total assets				**1,737.9**	1,217.1	43
Net debt[5]				**589.6**	221.8	166
Common shares outstanding (thousands)				**79,002**	72,448	9
Operating						
Sales volumes:						
Natural gas (MMcf/d)	**97.8**	62.9	55	**78.2**	56.7	38
NGLs (Bbl/d)	**2,062**	1,145	80	**1,515**	915	66
Oil (Bbl/d)	**2,344**	2,335	–	**2,269**	2,512	(10)
Total (Boe/d)	**20,707**	13,967	48	**16,820**	12,884	31
Average realized price:						
Natural gas ($/Mcf)	**4.16**	4.12	1	**4.27**	4.67	(9)
NGLs ($/Bbl)	**83.68**	59.90	40	**82.59**	68.68	20
Oil ($/Bbl)	**80.06**	68.60	17	**85.52**	71.31	20
Total ($/Boe)	**37.03**	34.96	6	**38.85**	39.36	(1)
Net wells drilled (excluding oil sands evaluation)	**15**	10	50	**35**	34	3
Net oil sands evaluation wells drilled	**-**	–	–	**27**	45	(40)

(1) Readers are referred to the advisories concerning non-GAAP measures and oil and gas definitions in the "Advisories" section of this document.
(2) Paramount adopted International Financial Reporting Standards ("IFRS") effective for fiscal years beginning on or after January 1, 2011 and the Company has applied IFRS as of January 1, 2010 (the "Transition Date") for comparative purposes. Certain prior period amounts have been adjusted to reflect the changes in the Company's accounting policies.
(3) The Company has adjusted its funds flow from operations measure for all periods presented. Refer to the advisories concerning non-GAAP measures in the "Advisories" section of this document.
(4) Based on the period-end closing prices of publicly traded enterprises and the book value of the remaining investments.
(5) Net debt is a non-GAAP measure, it is calculated and defined in the Liquidity and Capital Resources section of Management's Discussion and Analysis.

THIRD QUARTER OVERVIEW

Funds Flow From Operations

- Third quarter 2011 funds flow from operations increased 36 percent to $32.8 million compared to $24.1 million in the third quarter of 2010, as the impact of higher production and a higher netback more than offset higher interest and lower settlements of financial commodity contracts.

Principal Properties

- Average sales volumes in the third quarter of 2011 increased 48 percent to 20,707 Boe/d compared to 13,967 Boe/d in the third quarter of 2010.
- Netback increased 68 percent to $39.1 million in the third quarter of 2011 from $23.3 million in the third quarter of 2010.
- Average sales volumes in the Kaybob COU increased 117 percent to 10,487 Boe/d in the third quarter of 2011 compared to 4,829 Boe/d in the third quarter of 2010.
- Construction of phase one of the Musreau processing plant (45 MMcf/d raw gas capacity) is nearing completion, with an expected start-up in late-November. Design work is being finalized for phase two of the facility, an incremental 190 MMcf/d raw gas capacity (160 MMcf/d sales gas) deep cut liquids extraction facility to be built alongside the initial phase.
- The expansion of the non-operated processing plant at Smoky has now been approved by the partners. The existing 100 MMcf/d (10 MMcf/d net) raw gas capacity facility will be expanded to 300 MMcf/d (60 MMcf/d net) of raw gas and be upgraded to operate as a deep cut liquids extraction facility. The expansion is expected to be complete in late-2013.
- The Grande Prairie COU commissioned a 10 MMcf/d raw gas capacity compression and gathering system at Valhalla in July 2011. Work has commenced to expand the system to 20 MMcf/d of raw gas capacity, which is expected to be brought onstream during the first quarter of 2012.
- The Northern COU completed its first well at Birch in northeast British Columbia with promising results, including significant liquid yields.

Strategic Investments

- The market value of Paramount's portfolio of investments in other oil and gas entities increased to $980 million at October 31, 2011, primarily due to an increase in the market price of Trilogy Energy Corp. ("Trilogy") shares.
- In July 2011, the Company received an updated independent evaluation of its bitumen resources within the Grand Rapids formation at its Hoole oil sands property in which estimated economic contingent bitumen resources increased 20 percent to 763 million barrels (Best Estimate (P50)). The before-tax net present value of future net revenue of such economic contingent resources, discounted at ten percent (Best Estimate (P50)), increased 49 percent to $2.8 billion.
- Between April 2011 and July 2011 Paramount sold its investments in NuLoch Resources Inc. and Magnum Hunter Resources Corporation for aggregate proceeds of $15.8 million.

Corporate

- On October 20, 2011 Paramount issued 1.6 million flow-through Common Shares for gross proceeds of $62.8 million. On October 25, 2011, the Company announced an offering of 4.5 million Common Shares at a price of $34.75 per share for gross proceeds of $156 million, which is expected to close in mid-November. Proceeds from these two offerings are planned to be used to fund a portion of Paramount's ongoing capital expenditure program, including eligible Canadian exploration expenses and long-lead time capital expenditures for 2012, and for general corporate purposes.
- General and administrative costs per Boe decreased 39 percent to $2.12 per Boe in the third quarter of 2011 compared to $3.48 per Boe in the third quarter of 2010.

REVIEW OF OPERATIONS

Three months ended	**September 30, 2011**	June 30, 2011	Change%
SALES VOLUMES			
Natural gas (MMcf/d)	**97.8**	77.7	26
NGLs (Bbl/d)	**2,062**	1,504	37
Oil (Bbl/d)	**2,344**	2,110	11
Total (Boe/d)	**20,707**	16,572	25

NETBACK ($ millions, except as noted)		***$(/Boe)***		*$(/Boe)*	*% Change in $/Boe*
Petroleum and natural gas sales	**70.5**	***37.03***	61.1	*40.52*	*(9)*
Royalties	**(6.6)**	***(3.46)***	(5.2)	*(3.46)*	*–*
Operating expense and production tax	**(18.8)**	***(9.88)***	(15.7)	*(10.40)*	*(5)*

Transportation	**(6.0)**	***(3.16)***	(5.3)	*(3.52)*	*(10)*
Netback	**39.1**	***20.55***	34.9	*23.14*	*(11)*
Financial commodity contract settlements	**0.9**	***0.46***	(0.7)	*(0.47)*	*198*
Netback including financial commodity contract settlements	**40.0**	***20.99***	34.2	*22.67*	*(7)*

Paramount's average sales volumes increased 25 percent to 20,707 Boe/d in the third quarter of 2011 compared to 16,572 Boe/d in the previous quarter, primarily as a result of production increases from new wells in the Kaybob and Grande Prairie COUs and from wells added through the acquisition of ProspEx Resources Ltd. ("ProspEx"). The outages at third party processing facilities and pipelines that impacted the Company's production in the second quarter did not affect third quarter production. Additional unscheduled service interruptions have occurred in the Kaybob and Grande Prairie COUs subsequent to the end of the third quarter. Paramount's ongoing investment in infrastructure projects is expected to reduce its reliance on third party facilities and the impact of unplanned operational disruptions.

The third quarter netback increased 12 percent to $39.1 million compared to $34.9 million in the previous quarter. The impact of increased production volumes and lower per unit operating and transportation costs was partially offset by lower natural gas and oil prices.

KAYBOB

Three months ended	**September 30, 2011**		June 30, 2011		Change%
Sales Volumes					
Natural gas (MMcf/d)	**55.7**		43.5		28
NGLs (Bbl/d)	**1,180**		847		39
Oil (Bbl/d)	**28**		102		(73)
Total (Boe/d)	**10,487**		8,204		28
Exploration and Development Expenditures(1) ($ millions)					
Exploration, drilling, completions and tie-ins	**42.5**		14.0		204
Facilities and gathering	**15.7**		4.4		257
	58.2		18.4		216
	Gross	**Net**	Gross	Net	
Wells drilled	**4**	**3**	5	3	
Wells placed on production	**2**	**2**	–	–	

(1) Before deduction of Alberta drilling royalty credits

Average daily sales volumes in the Kaybob COU during the third quarter of 2011 were 10,487 Boe/d, an increase of 28 percent compared to the prior quarter. This was primarily the result of new wells being brought on in Musreau and Resthaven, and a full quarter of production from wells added through the ProspEx acquisition. Subsequent to September 30, 2011, unscheduled service interruptions occurred at third party pipelines and non-operated processing plants that impacted October production at Musreau and Smoky.

The Company is in the initial stages of the exploration of its liquids-rich Montney rights in the Deep Basin, with four (3.5 net) wells drilled to date, of which two (1.5 net) have been completed. The first well had a test rate in excess of 10 MMcf/d and was placed on production in July with first month average sales volumes of 6.0 MMcf/d of natural gas and 90 Bbl/MMcf of associated liquids. The second well was completed in late October with a test rate of 12 MMcf/d of natural gas (liquid yields information is not yet available). The remaining two wells are planned to be completed and tied-in during the fourth quarter. The Company continues to acquire Montney mineral rights, and currently holds 216 (185 net) sections in Musreau and Resthaven.

Paramount has completed and tied-in 12 (8.2 net) Cretaceous Falher and Dunvegan formation wells during the first nine months of 2011. Subsequent to quarter end an additional three (1.8 net) Falher wells were completed and brought on production and Paramount currently has an additional eight (6.0 net) Falher and Dunvegan wells awaiting completion and tie-in.

The Kaybob COU is currently operating five drilling rigs on its Deep Basin properties, and anticipates drilling up to five (3.7 net) wells during the fourth quarter, including one (1.0 net) Montney well.

The Company is continuing its plans to expand its processing capacity in the Deep Basin, as current production levels have exceeded Company-owned and third-party firm service processing capacities. Construction of the first phase of the Paramount operated processing plant at Musreau (45 MMcf/d raw gas capacity) is progressing on-budget and is expected to start-up in late-November 2011. With its continued positive drilling results, the Company is finalizing the design of phase two of the facility, an incremental 190 MMcf/d raw gas capacity (160 MMcf/d sales gas) deep cut liquids extraction facility to be built alongside the initial phase. It is anticipated that this expansion will be completed during the second quarter of 2013. The addition of deep cut facilities adds significant value to natural gas production due to the price premium realized from the extraction of ethane, propane and butane volumes that would otherwise be sold in solution.

In addition, the expansion of the non-operated processing plant at Smoky has now been approved by the partners. The existing 100 MMcf/d (10 MMcf/d net) raw gas capacity facility will be expanded to 300 MMcf/d (60 MMcf/d net) of raw gas and be upgraded to operate as a deep cut liquids extraction facility. Initially, compression capacity for 200 MMcf/d will be installed, with an additional 100 MMcf/d of compression to be added when production volumes reach capacity, thereby deferring a portion of the capital costs. The expansion is expected to be complete in late-2013.

Paramount anticipates that by the end of 2011 it will have 55 MMcf/d of Company-owned and firm-service third-party processing capacity at Musreau and approximately 20 MMcf/d of Company-owned processing capacity in the Resthaven/Smoky area. This aggregate 75 MMcf/d of processing capacity will be maintained throughout 2012 and into 2013 until the Musreau and Smoky plant expansions are completed. The Company plans to drill and complete additional wells throughout 2012 and 2013 in preparation for these expansions, and will in the interim produce volumes held behind pipe on interruptible service where capacity is available in an effort to maximize production while additional Company-owned capacities are being constructed.

GRANDE PRAIRIE

Three months ended	**September 30, 2011**		June 30, 2011		Change%
Sales Volumes					
Natural gas (MMcf/d)	**19.0**		12.6		51
NGLs (Bbl/d)	**611**		560		9
Oil (Bbl/d)	**364**		448		(19)
Total (Boe/d)	**4,142**		3,108		33
Exploration and Development Expenditures[1] ($ millions)					
Exploration, drilling, completions and tie-ins	**26.6**		19.0		40
Facilities and gathering	**7.7**		9.9		(22)
	34.3		28.9		19
	Gross	**Net**	Gross	Net	
Wells drilled	**8**	**5**	3	3	
Wells placed on production	**5**	**4**	3	3	

(1) Before deduction of Alberta drilling royalty credits

Average sales volumes in the Grande Prairie COU increased 33 percent in the third quarter of 2011 to 4,142 Boe/d compared to 3,108 Boe/d in the second quarter of the year, as the new Valhalla compression facility was commissioned in July and additional wells were brought onstream. In October, approximately 2,000 Boe/d of the Company's production at Karr-Gold Creek was shut-in as a result of unscheduled service interruptions at third party facilities. Work is currently ongoing to resolve the interruptions and restore Paramount's production.

The Company's development at Valhalla continued to progress in the third quarter as additional wells were tied into the new compression and gathering system, which by the end of the third quarter was operating in excess of its 10 MMcf/d design capacity. The Company also participated in three (1.7 net) partner operated wells that will not be routed through Paramount's gathering system. One (1.0 net) operated well was drilled at Valhalla in the third quarter and two (1.0 net) wells are planned to be drilled during the fourth quarter. A $4.5 million expansion of the Valhalla compression facility that will increase its capacity to 20 MMcf/d of raw gas is expected to enter service during the first quarter of 2012.

The exploration of Paramount's Karr-Gold Creek property has continued as the Company works to refine the production systems required for the wells to reach optimal performance levels. Operational challenges have continued due to a number of factors including the characteristics of the reservoir, inconsistent production resulting from unplanned third party processing interruptions and delays in the delivery of surface equipment. The Company's field activities at Karr-Gold Creek have been further delayed by the wet conditions that prevailed throughout the summer. Third quarter activities at Karr-Gold Creek included the drilling of three (2.5 net) wells and the tie-in of two (1.0 net) previously drilled wells. In the fourth quarter one (1.0 net) previously drilled well is expected to be completed and brought on production and two (1.3 net) wells are scheduled to be drilled. The completion of two (2.0 net) wells planned for 2011 has been deferred to the first quarter of 2012.

Paramount has drilled two (1.5 net) wells to date at Ante Creek targeting oil from the Montney formation. The first well is producing at approximately 200 Bbl/d (100 Bbl/d net), the maximum currently permitted under regulation. The second well is scheduled to be completed in the fourth quarter. This development has experienced delays due to regulatory issues, production equipment failures and midstream service interruptions. The Company and the operator are developing plans to mitigate these issues.

SOUTHERN

Three months ended	**September 30, 2011**		June 30, 2011		Change%
Sales Volumes					
Natural gas (MMcf/d)	**12.2**		10.6		15
NGLs (Bbl/d)	**241**		90		168
Oil (Bbl/d)	**1,468**		1,477		(1)
Total (Boe/d)	**3,742**		3,333		12
Exploration and Development Expenditures(1) ($ millions)					
Exploration, drilling, completions and tie-ins	**7.4**		1.8		311
Facilities and gathering	**1.1**		0.5		120
	8.5		2.3		270
	Gross	**Net**	Gross	Net	
Wells drilled	**9**	**7**	5	2	
Wells placed on production	**8**	**3**	2	2	

(1) Before deduction of Alberta drilling royalty credits

The Southern COU's average sales volumes increased by 12 percent in the third quarter of 2011 to 3,742 Boe/d compared to 3,333 Boe/d in the prior quarter as a result of a full quarter of production from wells added through the ProspEx acquisition.

Third quarter 2011 activities in southern Alberta included the drilling of three oil wells which are expected to be completed and tied-in during the fourth quarter. In southern Saskatchewan, Paramount's joint development partner drilled four wells during the third quarter, in addition to the four wells drilled during the second quarter. All eight wells have now been completed and brought on production. Paramount will have a post-payout interest of 45 percent in these wells.

In North Dakota, the Company's joint development partner drilled two wells during the third quarter which are currently being completed. Drilling has also commenced on an additional two wells subsequent to the end of the third quarter. All four of these wells are expected to be brought on production by late-2011.

NORTHERN

Three months ended	**September 30, 2011**		June 30, 2011		Change%
Sales Volumes					
Natural gas (MMcf/d)	**10.9**		11.0		(1)
NGLs (Bbl/d)	**30**		7		329
Oil (Bbl/d)	**484**		83		483
Total (Boe/d)	**2,336**		1,927		21
Exploration and Development Expenditures(1)($ millions)					
Exploration, drilling, completions and tie-ins	**5.7**		2.4		133
Facilities and gathering	**0.3**		0.1		200
	6.0		2.5		136
	Gross	**Net**	Gross	Net	
Wells drilled	**–**	**–**	–	–	
Wells placed on production	**–**	**–**	–	–	

(1) Before deduction of Alberta drilling royalty credits

Average sales volumes in the Northern COU during the third quarter of 2011 increased 21 percent from the second quarter of the year, as oil inventory that had accumulated during a third-party pipeline failure was sold following the resumption of service in early-September.

During the third quarter a horizontal exploratory well at Birch was completed with promising results, including significant liquid yields. The Company is currently evaluating alternatives to obtain access to gathering and processing infrastructure in order to be able to produce the well. Potential follow-up drilling locations are being evaluated.

STRATEGIC INVESTMENTS

In July 2011, Paramount received an updated independent evaluation of its bitumen resources within the Grand Rapids formation at its Hoole oil sands property, incorporating the results of the Company's 15 well 2010/2011 winter delineation drilling program, which increased the mapped thickness of the reservoir in some areas, confirmed the continuous nature of the reservoir and extended the boundaries of the exploitable reservoir. The updated evaluation was conducted by the Company's independent reserves evaluator, McDaniel & Associates Consultants Ltd. ("McDaniel"), who had previously evaluated the Hoole oil sands property effective April 30, 2010. The updated evaluation estimates that the Grand Rapids formation within the Company's 100 percent owned Hoole oil sands properties contains approximately 763 million barrels (April 30, 2010 – 634 million barrels) of economic contingent bitumen resources within the Grand Rapids formation (Best Estimate (P50)). The estimated before-tax net present value of future net revenue, discounted at ten percent (Best Estimate (P50)), is $2.8 billion (April 30, 2010 - $1.9 billion). During the remainder of 2011, the Company will continue to finalize its plans for the initial development of the Hoole property and complete the engineering design and environmental impact analysis for the project with a view to submitting a regulatory application for commercial development of the resource by the end of 2011.

In April 2011, Paramount completed a ten well drilling and delineation program at its 100 percent owned Saleski carbonate bitumen property. Paramount has commissioned an independent evaluation of its resources in the Grosmont formation, which is expected to be completed in the fourth quarter. The Company is currently developing plans for the 2011/2012 winter capital program at Saleski, including a further drilling and delineation program and seismic studies.

Paramount plans to drill an initial exploratory shale gas well in the Dunedin area of northeast British Columbia in the 2011/12 winter drilling season. The well will be drilled to a vertical depth of approximately 4,500 meters and will be cored and logged for evaluation. Plans for further shale gas activities will incorporate information obtained from this initial well.

OUTLOOK

Paramount's 2011 annual capital spending budget (excluding land and acquisitions) remains at $450 million, with $425 million allocated to exploration and development spending in the Company's core producing areas and $25 million allocated to the Hoole oil sands and Saleski carbonate bitumen properties. The Company has flexibility within its current capital plan to increase or decrease spending depending upon future economic conditions, among other factors. Certain expenditures related to long lead-time equipment for the 2012 capital program may be incurred in the fourth quarter.

Average sales volumes for the third quarter increased to 20,707 Boe/d and further increases in sales volumes are expected during the fourth quarter as additional wells and the Musreau facility are brought onstream. A wet spring and summer, combined with disruptions at third-party facilities, have impacted the timing of field activities. The Company is also experiencing delays at some expansion projects as equipment deliveries are behind schedule and service equipment and personnel are in short supply. These delays have impacted the timing of expected production additions, primarily at Valhalla and Karr-Gold Creek in the Grande Prairie COU. As a result, the Company anticipates that its previously disclosed 2011 exit rate forecast of approximately 28,000 Boe/d will be achieved in the first quarter of 2012.

ADDITIONAL INFORMATION

A copy of Paramount's complete results for the three and nine months ended September 30, 2011, including Management's Discussion and Analysis and the Unaudited Interim Consolidated Financial Statements can be obtained at download/2011+Nov+8.pdf. These documents will also be made available through Paramount's website at www.paramountres.com and SEDAR at www.sedar.com.

ABOUT PARAMOUNT

Paramount is a Canadian oil and natural gas exploration, development and production company with operations focused in Western Canada. Paramount's common shares are listed on the Toronto Stock Exchange under the symbol "POU".

ADVISORIES

Forward-looking Information

Certain statements in this document constitute forward-looking information under applicable securities legislation. Forward-looking information typically contains statements with words such as "anticipate", "believe", "estimate", "expect", "plan", "intend", "propose", or similar words suggesting future outcomes or an outlook. Forward looking information in this document includes, but is not limited to:

- expected production volumes and the timing thereof;
- planned exploration and development expenditures, and the timing thereof;
- development plans for Paramount's oil sands leases and the projected timeline for finalizing such plans;
- exploration and development plans and strategies;
- budget allocations and capital spending flexibility;
- adequacy of facilities to process and transport natural gas production;
- estimated resources and the undiscounted and discounted net present value of future net revenues from such resources (including the forecast prices and costs and the timing of expected production volumes and future development capital);
- timing of regulatory applications;
- ability to fulfill future pipeline transportation commitments;
- business strategies and objectives;
- sources of and plans for financing;
- acquisition and disposition plans;
- operating and other costs and royalty rates;
- expected drilling programs, well tie-ins, facility construction and expansions, completions and the timing thereof;
- the anticipated closing of equity offerings, the timing thereof, and use of proceeds; and
- the outcome of any legal claims, audits, assessments or other regulatory matters or proceedings.

Such forward-looking information is based on a number of assumptions which may prove to be incorrect. The following assumptions have been made, in addition to any other assumptions identified in this document:

- future crude oil, bitumen and natural gas prices and general economic and business conditions;
- the ability of Paramount to obtain required capital to finance its exploration, development and operations;
- the ability of Paramount to obtain equipment, services, supplies and personnel in a timely manner to carry out its activities;
- the ability of Paramount to market its oil and natural gas successfully to current and new customers;
- estimates of input and labour costs for an oil sands project;
- the ability of Paramount to secure adequate product processing transportation and storage;
- the ability of Paramount and its industry partners to obtain drilling success consistent with expectations;
- the timely receipt of required regulatory approvals;
- estimated timelines being met in respect of the development of the Hoole oil sands properties;
- access to capital markets and other sources of funding; and
- currency exchange and interest rates.

Although Paramount believes that the expectations reflected in such forward looking information is reasonable, undue reliance should not be placed on it as Paramount can give no assurance that such expectations will prove to be correct. Forward-looking information is based on current expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by Paramount and described in the forward looking information. These risks and uncertainties include, but are not limited to:

- fluctuations in crude oil, bitumen, natural gas and NGLs prices, foreign currency exchange rates and interest rates;
- the uncertainty of estimates and projections relating to future revenue, future production, costs and expenses and the timing thereof;
- the ability to secure adequate product processing, transportation and storage;
- the uncertainty of exploration, development and drilling;
- operational risks in exploring for, developing and producing crude oil and natural gas, and the timing thereof;
- the ability to obtain equipment, services, supplies and personnel in a timely manner;
- potential disruption or unexpected technical difficulties in designing, developing or operating new or existing facilities;

- risks and uncertainties involving the geology of oil and gas deposits;
- the uncertainty of reserves and resource estimates;
- the ability to generate sufficient cash flow from operations and other sources of financing at an acceptable cost to meet current and future obligations, including costs of anticipated projects;
- changes to the status or interpretation of laws, regulations or policies;
- changes in environmental laws including emission reduction obligations;
- the receipt and timing of governmental or regulatory approvals;
- changes in general business and economic conditions;
- uncertainty regarding aboriginal land claims and co-existing with local populations;
- the effects of weather;
- the ability to fund exploration, development and operational activities and meet current and future obligations;
- the timing and cost of future abandonment and reclamation activities;
- cleanup costs or business interruptions due environmental damage and contamination;
- the ability to enter into or continue leases;
- existing and potential lawsuits and regulatory actions; and
- other risks and uncertainties described elsewhere in this document and in Paramount's other filings with Canadian securities authorities, including its Annual Information Form.

The foregoing list of risks is not exhaustive. Additional information concerning these and other factors which could impact Paramount are included in Paramount's most recent Annual Information Form. The forward-looking information contained in this document is made as of the date hereof and, except as required by applicable securities law, Paramount undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise.

Non-GAAP Measures

In this document "Funds flow from operations", "Funds flow from operations per share - diluted", "Netback", "Netback including financial commodity contract settlements", "Net Debt", "Exploration and development expenditures" and "Investments in other entities – market value", collectively the "Non-GAAP measures", are used and do not have any standardized meanings as prescribed by Canadian Generally Accepted Accounting Principles ("GAAP").

The Company has adjusted its funds flow from operations measure for all periods subsequent to the Transition Date to exclude asset retirement obligation settlements, cash outflows related to the purchase of Paramount's Common Shares under the Company's stock incentive plan and the effect of changes in foreign exchange rates in respect of foreign currency cash and cash equivalent balances. Funds flow from operations refers to cash from operating activities before net changes in operating working capital, geological and geophysical expenses and asset retirement obligation settlements. Funds flow from operations is commonly used in the oil and gas industry to assist management and investors in measuring the Company's ability to fund capital programs and meet financial obligations.

Netback equals petroleum and natural gas sales less royalties, operating costs, production taxes and transportation costs. Netback is commonly used by management and investors to compare the results of the Company's oil and gas operations between periods. Net Debt is a measure of the Company's overall debt position after adjusting for certain working capital amounts and is used by management to assess the Company's overall leverage position. Refer to the calculation of Net Debt in the liquidity and capital resources section of Management's Discussion and Analysis. Exploration and development expenditures refers to capital expenditures incurred by the Company's COUs (excluding land and property acquisitions). The exploration and development expenditure measure provides management and investors with information regarding the Company's Principal Property spending on drilling and infrastructure projects, separate from land and property acquisition activity.

Investments in other entities – market value reflects the Company's investments in enterprises whose securities trade on a public stock exchange at their period end closing price (e.g. Trilogy Energy Corp., MEG Energy Corp., MGM Energy Corp. and others), and all other investments in other entities at book value. Paramount provides this information in its MD&A because the market values of equity-accounted investments, which are significant assets of the Company, are often materially different than their carrying values.

Non-GAAP measures should not be considered in isolation or construed as alternatives to their most directly comparable measure calculated in accordance with GAAP, or other measures of financial performance calculated in accordance with GAAP. The Non-GAAP measures are unlikely to be comparable to similar measures presented by other issuers.

Oil and Gas Measures and Definitions

This document contains disclosures expressed as "Boe" and "Boe/d". All oil and natural gas equivalency volumes have been derived using the ratio of six thousand cubic feet of natural gas to one barrel of oil. Equivalency measures may be misleading, particularly if used in isolation. A conversion ratio of six thousand cubic feet of natural gas to one barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the well head.

This document contains disclosure of certain results of an updated independent evaluation of the Company's contingent bitumen resources from the Grand Rapids formation within the Company's Hoole oil sands property as of April 30, 2011 by McDaniel (the "McDaniel Evaluation"). "Contingent resources" are those quantities of bitumen resources estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but are classified as a resource rather than a reserve due to one or more contingencies, such as the absence of regulatory approvals, detailed design estimates or near term development plans. There is no certainty that it will be commercially viable to produce any portion of the contingent resources. For Paramount, contingencies which must be overcome to enable the reclassification of bitumen contingent resources as reserves include finalization of plans for the initial development of the Hoole oil sands properties, regulatory application submission with no major issues raised, access to capital markets and other sources of funding, and intent to proceed by Paramount evidenced by a development plan with major capital expenditures. "Economic contingent resources" are those contingent bitumen resources that are currently economically recoverable based on specific forecasts of commodity prices and costs. There is no certainty that it will be commercially viable to produce any portion of the economic contingent resources. "Best estimate" is considered to be the best estimate of the quantity of resources that will actually be recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. Those resources that fall within the best estimate have a 50 percent confidence level that the actual quantities recovered will equal or exceed the estimate. The volume of economic contingent resources disclosed represents the Company's share of recoverable volumes before the deduction of royalties.

This document contains certain disclosures of net present values ("NPV") from the McDaniel Evaluation. The NPVs disclosed represent the Company's share of future net revenue, before the deduction of income tax from the economic contingent bitumen resources in the Grand Rapids formation within the Hoole oil sands properties. The calculation considers such items as revenues, royalties, operating costs, abandonment costs and capital expenditures. Royalties were calculated based on Alberta's Royalty Framework applicable to oil sands projects in Alberta. The calculation does not consider financing costs and general and administrative costs. The NPVs were calculated assuming natural gas is used as a fuel for steam generation. Revenues and expenditures were calculated based on McDaniel's forecast prices and costs as of April 1, 2011. The estimated net present value of economic contingent resources disclosed does not represent fair market value.

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