Paramount Resources Ltd.

Paramount Resources Ltd. Reports 2017 Annual Results; Fourth Quarter Sales Volumes Average 95,412 Boe/d

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OIL AND GAS OPERATIONS

- Paramount exited 2017 with fourth quarter sales volumes averaging 95,412 Boe/d compared to sales volumes of 11,901 Boe/d in the fourth quarter of 2016. Full year sales volumes averaged 44,970 Boe/d in 2017.
- Paramount's sales volumes, excluding sales volumes from properties acquired or sold in the year, more than doubled to approximately 22,500 Boe/d in 2017 compared to about 10,000 Boe/d in 2016. Fourth quarter sales volumes for these properties increased to approximately 34,100 Boe/d in 2017 compared to about 10,000 Boe/d in the fourth quarter of 2016.
- Adjusted funds flow was $218.7 million ($13.33 per Boe) in 2017 compared to $35.7 million ($3.06 per Boe) in 2016. Liquids revenue was $353.9 million, 72 percent of total revenue.
- Fourth quarter adjusted funds flow was $110.1 million in 2017 compared to $14.3 million in 2016.
- Operating costs in the fourth quarter of 2017 were $9.81 per Boe, with transportation costs of $2.77 per Boe and royalties of $1.92 per Boe.
- In the Grande Prairie region, 26 new wells from the 2016/2017 Karr capital program averaged 1,970 Boe/d (59 percent liquids) over their initial 30-day peak production periods. Grande Prairie sales volumes averaged 31,791 Boe/d in the fourth quarter of 2017.
- In the Kaybob region, six (3.1 net) new Duvernay wells completed with higher intensity fracs averaged 1,346 Boe/d (47 percent liquids) per-well over their initial 90-day production periods. Kaybob sales volumes averaged 41,531 Boe/d in the fourth quarter.
- In the Central Alberta and Other region, 9 (4.5 net) wells were drilled at Birch in 2017, four of which were producing by year-end. Sales volumes averaged 22,090 Boe/d in the fourth quarter in the Central Alberta and Other region.
- The Company is restarting legacy wells and maximizing oil production at the Zama property in northwest Alberta. These successful well reactivations underpin Paramount's strategic objective of driving to a positive netback at Zama.

2018 GUIDANCE

- Paramount's 2018 capital budget remains at $600 million. Approximately $200 million of the 2018 capital program is related to projects that will bring new production on-stream in 2019 when incremental third-party natural gas processing capacity is commissioned.
- Sales volumes in 2018 are expected to average 100,000 Boe/d with a 40 percent liquids weighting. The Company's sales volumes are expected to remain at this level until production at Wapiti begins to ramp up in the the spring of 2019 when a new third-party natural gas processing facility is scheduled for completion.
- Operating costs in 2018 are expected to average approximately $10.00 per Boe, with transportation costs expected to average approximately $3.10 per Boe.

RESERVES

- The Company's proved reserves at December 31, 2017 totalled 375.8 MMBoe compared to 59.6 MMBoe in 2016. Proved plus probable reserves ("P+P") at December 31, 2017 totalled 593.5 MMBoe compared to 115.2 MMBoe in 2016.

- Proved reserves, excluding reserves acquired through the Apache Canada Acquisition and the Trilogy Merger and after production, increased 56 percent to 92.7 MMBoe in 2017 compared to 59.6 MMBoe in 2016.
- P+P reserves, before acquisitions and after production, increased 34 percent to 153.9 MMBoe in 2017 compared to 115.2 MMBoe in 2016.
- The Company's reserve replacement ratio, before acquisitions, was 5.3 times for proved reserves and 6.1 times for P+P reserves.
- P+P reserves for the Karr property, after production, increased 55 percent to 130.4 MMBoe in 2017 compared to 84.3 MMBoe in 2016.
- P+P finding and development ("F&D") costs for Karr were $11.72 per Boe in 2017.
- Estimated future net revenue for proved reserves increased to $2.5 billion and future net revenue for P+P reserves increased to $4.4 billion (discounted at 10 percent, before tax).

CORPORATE

- Paramount's revolving bank credit facility (the "Facility") was increased by $500 million to $1.2 billion in March 2018. At Paramount's request, the size of the Facility can be further increased by up to $300 million (to $1.5 billion) pursuant to an accordion feature in the Facility.
- The Company has delivered a redemption notice to redeem all $300 million outstanding principal amount of its 7.25% senior unsecured notes due 2019. The redemption will be funded using the upsized Facility and completed in early April 2018.
- To protect the Company's cash flows and in support of its 2018 capital program, Paramount has entered into commodity hedges for 16,000 Bbl/d of liquids for fiscal 2018 at an average price of C$71.06/Bbl and 6,000 Bbl/d of liquids for fiscal 2019 at an average price of C$71.23/Bbl.
- Paramount has arrangements in place to transport and sell approximately 60,000 GJ/d of natural gas at the Dawn natural gas hub in Ontario at $US NYMEX reference prices and 21,000 GJ/d of natural gas in California at $US Malin reference prices.
- In December 2017, Paramount implemented a normal course issuer bid. To date, the Company has purchased and cancelled 1,454,100 common shares at a total cost of $27.4 million.

FINANCIAL AND OPERATING HIGHLIGHTS [(1)]

($ millions, except as noted)

	Three months ended December 31			Twelve months ended December 31		
	2017	2016	*% Change*	**2017**	2016	*% Change*
Sales volumes						
Natural gas (MMcf/d)	**359.9**	47.5	*658*	**161.3**	104.8	*54*
Condensate and oil (Bbl/d)	**26,285**	2,943	*793*	**13,956**	7,733	*80*
Other NGLs (Bbl/d) [(2)]	**9,149**	1,046	*775*	**4,138**	6,668	*(38)*
Total (Boe/d)	**95,412**	11,901	*702*	**44,970**	31,860	*41*
Petroleum and natural gas sales	**258.9**	32.3	*702*	**491.4**	248.8	*98*
Netback	**131.7**	17.0	*675*	**249.9**	93.1	*168*
($/Boe)	***14.99***	*15.53*	*(3)*	***15.22***	*7.99*	*90*
Adjusted funds flow	**110.1**	14.3	*670*	**218.7**	35.7	*513*
per share – diluted ($/share)	***0.82***	*0.13*	*531*	***1.89***	*0.34*	*456*
Net income (loss)	**(106.2)**	212.4	*(150)*	**183.4**	1,165.3	*(84)*
per share – diluted ($/share)	***(0.79)***	*1.99*	*(140)*	***1.58***	*10.95*	*(86)*

Exploration and Development Capital[3]	**150.4**	78.1	*93*	**527.6**	187.5	*181*
Investments in other entities – market value[4][5]				**53.3**	208.7	*(74)*
Total assets				**5,090.7**	2,059.0	*147*
Net debt (cash)				**636.2**	(565.9)	*NM*
Common shares outstanding (*thousands*)				**135,059**	105,787	*28*

(1) Readers are referred to the advisories concerning Non-GAAP Measures and Oil and Gas Measures and Definitions in the Advisories section of this document. This table contains the following non-GAAP measures: Netback, Adjusted funds flow, Exploration and Development Capital, Investments in other entities – market value and Net debt (cash).
(2) Other NGLs includes ethane, propane and butane.
(3) Excludes land and property acquisitions and spending related to corporate assets.
(4) Based on the period-end closing prices of publicly-traded investments and the book value of the remaining investments.
(5) Excludes 3.8 million class A common shares of Seven Generations Energy Ltd. classified as "Investments in Securities for Distribution" having a carrying value and market value of $119.0 million as at December 31, 2016. These shares were distributed to Paramount's shareholders by way of dividend in January 2017.
NM Not meaningful

RESERVES [1][2][3]

	Proved			**Proved plus Probable**		
	2017	2016	*% Change*	**2017**	2016	*% Change*
Natural gas (Bcf)	**1,398.7**	238.0	*488*	**2,171.3**	463.3	*369*
NGLs (MBbl)	**119,134**	19,100	*524*	**196,883**	36,736	*436*
Light and Medium crude oil (MBbl)	**23,570**	882	*NM*	**34,714**	1,219	*NM*
Total (MBoe)	**375,824**	59,645	*530*	**593,473**	115,173	*415*
Future Net Revenue NPV$_{10}$ ($ millions)	**2,464**	424	*481*	**4,353**	810	*437*

(1) Readers are referred to the advisories concerning Non-GAAP Measures and Oil and Gas Measures and Definitions in the Advisories section of this document.
(2) Reserves evaluated and reviewed, as applicable, by the Company's independent reserves evaluator, McDaniel & Associates Consultants Ltd. ("McDaniel") as of December 31, 2017 in accordance with National Instrument 51-101 definitions, standards and procedures. Amounts are working interest reserves before royalty deductions. Net present values of future net revenue were determined using forecast prices and costs and do not represent fair market value.
(3) The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.
NM Not meaningful

Paramount is an independent, publicly traded, liquids-focused Canadian energy company that explores for and develops both conventional and unconventional petroleum and natural gas resources, including long-term strategic exploration and pre-development plays, and holds a portfolio of investments in other entities. The Company's principal properties are located in Alberta and British Columbia. Paramount's Class A common shares are listed on the Toronto Stock Exchange under the symbol "POU".

Paramount's 2017 annual results, including Management's Discussion and Analysis and the Company's Consolidated Financial Statements can be obtained at: http://files.newswire.ca/1509/PAResultsMar8b.pdf

This information will also be made available through Paramount's website atwww.paramountres.com and SEDAR at www.sedar.com.

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", "will", "expect", "plan", "schedule", "intend", "propose", or similar words suggesting future outcomes or an outlook. Forward-looking information in this document includes, but is not limited to:

- projected production and sales volumes and the timing thereof;

- forecast capital expenditures, operating costs per Boe and transportation costs per Boe;
- exploration, development, and associated operational plans and strategies;
- estimated reserves and the discounted present value of future net revenues therefrom;
- the timing and source of funds for the redemption of Paramount's senior unsecured notes due 2019: and
- general business strategies and objectives.

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

- future natural gas and liquids prices;
- royalty rates, taxes and capital, operating, general & administrative and other costs;
- foreign currency exchange rates and interest rates;
- general business, economic and market conditions;
- the ability of Paramount to obtain the required capital to finance its exploration, development and other operations and meet its commitments and financial obligations;
- the ability of Paramount to obtain equipment, services, supplies and personnel in a timely manner and at an acceptable cost to carry out its activities;
- the ability of Paramount to secure adequate product processing, transportation, de-ethanization, fractionation, and storage capacity on acceptable terms;
- the ability of Paramount to market its natural gas and liquids successfully to current and new customers;
- the ability of Paramount and its industry partners to obtain drilling success (including in respect of anticipated production volumes, reserves additions, liquids yields and resource recoveries) and operational improvements, efficiencies and results consistent with expectations;
- the timely receipt of required governmental and regulatory approvals; and
- anticipated timelines and budgets being met in respect of drilling programs and other operations (including well completions and tie-ins and the construction, commissioning and start-up of new and expanded facilities).

Although Paramount believes that the expectations reflected in such forward-looking information are reasonable, undue reliance should not be placed on them as Paramount can give no assurance that such expectations will prove to be correct. Forward-looking information is based on 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. The material risks and uncertainties include, but are not limited to:

- fluctuations in natural gas and liquids prices;
- changes in foreign currency exchange rates and interest rates;
- the uncertainty of estimates and projections relating to future revenue, production, reserve additions, liquids yields (including condensate to natural gas ratios), resource recoveries, royalty rates, taxes and costs and expenses;
- the ability to secure adequate product processing, transportation, de-ethanization, fractionation, and storage capacity on acceptable terms;
- operational risks in exploring for, developing and producing, natural gas and liquids;
- the ability to obtain equipment, services, supplies and personnel in a timely manner and at an acceptable cost;
- potential disruptions, delays or unexpected technical or other difficulties in designing, developing, expanding or operating new, expanded or existing facilities (including third-party facilities);
- processing, pipeline, de-ethanization, and fractionation infrastructure outages, disruptions and constraints;
- risks and uncertainties involving the geology of oil and gas deposits;
- the uncertainty of reserves estimates;
- general business, economic and market conditions;
- the ability to generate sufficient cash flow from operations and obtain financing to fund planned exploration, development and operational activities and meet current and future commitments and obligations (including product processing, transportation, de-ethanization, fractionation and similar commitments and obligations);
- changes in, or in the interpretation of, laws, regulations or policies (including environmental laws);
- the ability to obtain required governmental or regulatory approvals in a timely manner, and to obtain and maintain leases and licenses;
- the effects of weather and other factors including wildlife and environmental restrictions which affect field operations and access;
- the timing and cost of future abandonment and reclamation obligations and potential liabilities for environmental damage and contamination;
- uncertainties regarding aboriginal claims and in maintaining relationships with local populations and other stakeholders;
- the outcome of existing and potential lawsuits, regulatory actions, audits and assessments; and
- other risks and uncertainties described elsewhere in this document and in Paramount's other filings with Canadian securities authorities.

The foregoing list of risks is not exhaustive. For more information relating to risks, see the section titled "RISK FACTORS" in Paramount's current 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 "Adjusted funds flow ", "Netback", "Net debt (cash)", "Exploration and Development Capital", "Investments in other entities – market value" and "Finding and development costs", collectively the "Non-GAAP measures", are used and do not have any standardized meanings as prescribed by International Financial Reporting Standards.

Adjusted funds flow refers to cash from operating activities before net changes in operating non-cash working capital, geological and geophysical expenses, asset retirement obligation settlements and transaction and reorganization costs. Adjusted funds flow 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. Refer to the Consolidated Results and Fourth Quarter 2017 Results sections of the Company's Management's Discussion and Analysis for the year ended December 31, 2017 for the calculation thereof. Netback equals petroleum and natural gas sales less royalties, operating costs and transportation and NGLs processing costs. Netback is commonly used by management and investors to compare the results of the Company's oil and gas operations between periods. Refer to the Operating Results and Fourth Quarter 2017 Results sections of the Company's Management's Discussion and Analysis for the year ended December 31, 2017 for the calculation thereof. Net debt (cash) 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 Liquidity and Capital Resources section of the Company's Management's Discussion and Analysis for the year ended December 31, 2017 for the calculation of Net cash (debt). Exploration and Development Capital consists of the Company's spending on wells, infrastructure projects, and other property, plant and equipment and excludes spending related to land and property acquisitions and corporate assets. The Exploration and Development Capital measure provides management and investors with information regarding the Company's capital spending on wells and infrastructure projects separate from land and property acquisition activity and corporate expenditures. Refer to the Property, Plant and Equipment and Exploration Expenditures and Advisories sections of the Company's Management's Discussion and Analysis for the year ended December 31, 2017 for the calculations thereof. 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. MEG Energy Corp., Blackbird Energy Inc., Marquee Energy Ltd., Storm Resources Ltd., Strategic Oil and Gas Ltd., Trilogy (2016) and others), and investments in all other entities at book value. Paramount provides this information because the market values of equity-accounted investments, which are significant assets of the Company, are often materially different than their carrying values. Refer to the Investments in Securities section of the Company's Management's Discussion and Analysis for the year ended December 31, 2017 for information on carrying and market values. The Finding and development costs ("F&D") measure is commonly used by management and investors to assess the relationship between capital invested in oil and gas exploration and development projects and reserve additions associated with such projects. The calculation of the F&D costs per Boe for the Karr Property are set below:

	2017					Three-Year
Karr Property	Capital [1]	Change in FDC [2]	Total F&D Capital	Reserves Additions [3]	F&D	Average [4]
	($ millions)	($ millions)	($ millions)	(MMBoe)	($/Boe)	($/Boe)
Proved	329.5	195.4	524.9	38.9	13.48	13.38
Proved plus Probable	329.5	281.8	611.3	52.2	11.72	10.09

(1) Aggregate exploration and development costs incurred for the year ended December 31, 2017.
(2) Change in estimated future development costs from December 31, 2016 to December 31, 2017.
(3) Reserves additions were calculated as the aggregate of extensions & discoveries, technical revisions and economic factors for the year ended December 31, 2017. Excludes acquisitions and dispositions.
(4) Three-year average F&D costs are calculated using the aggregate capital costs, changes in future development capital and reserves additions over the three-year period January 1, 2015 to December 31, 2017. Amounts for 2015 and 2016 were calculated on the same basis as for the year ended December 31, 2017.

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

Abbreviations

Liquids		**Natural Gas**	
Bbl	Barrels	Mcf/d	Thousands of cubic feet
Bbl/d	Barrels per day	MMcf/d	Millions of cubic feet per day

MBbl	Thousands of barrels	Bcf	Billions of cubic feet
NGLs	Natural gas liquids	AECO	AECO-C reference price
Condensate	Pentane and heavier hydrocarbons	NYMEX	New York Mercantile Exchange

Oil Equivalent

Boe	Barrels of oil equivalent	MBoe	Thousands of barrels of oil equivalent
Boe/d	Barrels of oil equivalent per day	MMBoe	Millions of barrels of oil equivalent

This document contains disclosures expressed as "Boe", "$/Boe", MBoe, MMBoe and "Boe/d". 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. For the year ended December 31, 2017, the value ratio between crude oil and natural gas was approximately 27:1. This value ratio is significantly different from the energy equivalency ratio of 6:1. Using a 6:1 ratio would be misleading as an indication of value. The term "liquids" is used to represent oil, condensate and Other NGLs. NGLs consist of condensate and Other NGLs. The term "Other NGLs" includes ethane, propane and butane.

The reserves replacement disclosure herein was calculated for each of proved and proved plus probable reserves as the sum of extensions and discoveries, technical revisions and economic factors for the year divided by the sales volumes for 2017, before acquisitions and dispositions.

SOURCE Paramount Resources Ltd.

For further information: Paramount Resources Ltd., J.H.T. (Jim) Riddell, President and Chief Executive Officer; B.K. (Bernie) Lee, Executive Vice President, Finance and Chief Financial Officer, www.paramountres.com, Phone: (403) 290-3600

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https://paramount.mediaroom.com/2018-03-08-Paramount-Resources-Ltd-Reports-2017-Annual-Results-Fourth-Quarter-Sales-Volumes-Average-95-412-Boe-d