Paramount Resources Ltd.

Sale of Non-Core Assets for $55 million

CALGARY, Dec. 5, 2019 /CNW/ - Paramount Resources Ltd. ("Paramount" or the "Company") is pleased to announce that it has closed the sale of certain natural gas weighted properties in West Central Alberta (the "Assets") for cash consideration of approximately $55 million (the "Transaction").

Paramount will retain all of its Duvernay assets in both Willesden Green and the East Shale Basin, as well as its fee title and royalty lands (the "Retained Lands").

The Transaction significantly reduces the complexity of Paramount's operations, as the Company has disposed of ~320,000 net acres and associated wells and facilities south of township 53 in Alberta (excluding the Retained Lands). Other key attributes of the Assets include:

- Average sales volumes of ~8,500 Boe/d (60% natural gas) in the third quarter of 2019.
- Netback of ~$1.8MM or ~$2.30/Boe in the third quarter of 2019.
- December 31, 2018 Total Proved reserves of 15.9 MMBoe (60% natural gas) and Total Proved plus Probable reserves of 20.1 MMBoe (60% natural gas).

The Company had minimal capital spending planned for the Assets in the near term. The sale of the Assets will impact Paramount's fourth quarter average production by approximately 2,500 Boe/d, resulting in anticipated fourth quarter average production of between 84,500 Boe/d and 87,500 Boe/d.

The sale of the Assets is consistent with Paramount's strategy of pursuing non-core dispositions to rationalize its portfolio as the Company continues to focus on the development of its core liquids-rich Montney assets at Karr and Wapiti.

Cash proceeds from the Transaction will initially be used to reduce amounts drawn on the Company's $1.5 billion bank credit facility that matures in November 2022. Approximately $720 million was drawn on the facility as of September 30, 2019.

Peters & Co. Ltd. and National Bank Financial Inc. jointly acted as financial advisors to Paramount on the Transaction.

ABOUT PARAMOUNT

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. The Company also pursues 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".

Advisories

Forward-looking Information

The information respecting anticipated fourth quarter average production provided in this press release constitutes forward-looking information under applicable securities legislation.

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:

- 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, fractionation, and storage capacity on acceptable terms;
- 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, including third-party facilities).

Although Paramount believes that the expectations reflected in such forward-looking information are reasonable based on the information available at the time of this press release, undue reliance should not be placed on the forward-looking information 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:

- the uncertainty of estimates and projections relating to future production;
- the ability to secure adequate product processing, transportation, fractionation, and storage capacity on acceptable terms;
- operational risks in exploring for, developing, producing and transporting natural gas and liquids, including the risk of spills, leaks or blowouts;
- 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 and fractionation infrastructure outages, disruptions and constraints;
- 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; 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 annual information form for the year ended December 31, 2018, which is available on SEDAR at www.sedar.com. The forward-looking information contained in this press release 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.

Oil and Gas Definitions

Boe means barrel of oil equivalent determined using a conversion 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 nine months ended September 30, 2019, the value ratio between crude oil and natural gas was approximately 53:1. 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.

Non-GAAP Measures

"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. Netback is a Non-GAAP measure that does not have any standardized meaning as prescribed by International Financial Reporting Standards. Non-GAAP measures such as Netback 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. Non-GAAP measures such as Netback are unlikely to be comparable to similar measures presented by other issuers.

Reserves Data

Reserves data evaluated by McDaniel & Associates Consultants Ltd. ("McDaniel") as ofDecember 31, 2018 in accordance with National Instrument 51-101 definitions, standards and procedures. Reserves are gross reserves representing working interest before royalties. Readers should refer to the Company's annual information form for the year ended December 31, 2018, which is available on SEDAR at www.sedar.com, for further information respecting the material assumptions, limitations and risk factors pertaining to the reserves estimates. The estimates of reserves for individual properties may not reflect the same confidence level as estimates of reserves for all properties, due to the effects of aggregation.

SOURCE Paramount Resources Ltd.

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