Paramount Resources Ltd.

Paramount Resources Ltd. Announces Increased Credit Facility Availability and Issuance of Senior Unsecured Convertible Debentures

CALGARY, AB, Jan. 25, 2021 /CNW/ - Paramount Resources Ltd. ("Paramount" or the "Company") (TSX: POU) is pleased to announce amendments to its senior secured revolving bank credit facility (the "Facility") to remove prior conditions on Facility availability in excess of $900 million. As a result, the full $1.0 billion Facility capacity is now available.

Concurrent with the amendments, and to provide further liquidity, the Company completed a private placement of $35 million of senior unsecured convertible debentures (the "Debentures"). James H.T. Riddell, Paramount's Chairman and President and Chief Executive Officer, purchased $25 million of the Debentures.

The $135 million of additional liquidity from the Facility amendments and issuance of Debentures provides the Company with ample financial flexibility as it moves forward with its 2021 capital plans as previously announced. Drawings on the Facility were approximately $815 million at December 31, 2020. The previously announced financial covenant relief remains in place.

The Debentures mature on January 31, 2024 (the "Maturity Date"), bear interest at 7.50% per annum payable monthly in arrears and are convertible by the holder into class A common shares of the Company ("Common Shares") at any time prior to the Maturity Date at a conversion price of $6.72 per Common Share prior to January 31, 2022, $7.33 per Common Share on or after January 31, 2022 and prior to January 31, 2023 and $7.94 per Common Share on or after January 31, 2023.

The Debentures are redeemable by the Company, in whole or in part, at any time prior to the Maturity Date, at a redemption price (expressed as percentages of principal amount) equal to 107.50% prior to January 31, 2022, 103.75% on or after January 31, 2022 and prior to January 31, 2023 and 101.875% on or after January 31, 2023.

The Debentures are direct senior unsecured obligations of the Company and rank equally in right of payment with all other existing and future senior indebtedness of the Company. The Debentures are effectively subordinated to all existing and future secured indebtedness of the Company, including the Facility.

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 reserves and resources, including longer-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".

www.paramountres.com

SOURCE Paramount Resources Ltd.

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