Paramount Resources Ltd.

Paramount Resources Ltd. Announces $375 Million Asset Sale, Planned Special Dividend and Production Update

CALGARY, AB, Dec. 9, 2022 /CNW/ - Paramount Resources Ltd. ("Paramount" or the "Company") (TSX: POU) is pleased to announce that it has entered into an agreement with an affiliate of Crescent Point Energy Corp. for the sale of its Kaybob Smoky and Kaybob South Duvernay properties and certain other minor interests in the Kaybob Region (the "Assets") for cash consideration of $375 million prior to adjustments (the "Disposition").

Disposition

The Assets include approximately 114 gross (101 net) sections of land, with 7.2 MMBoe of proved developed producing reserves, 40.2 MMBoe of proved reserves and 63.9 MMBoe of proved plus probable reserves based on the Company's December 31, 2021 reserves report.(1) The Assets also include the Smoky 6-16 gas plant and other infrastructure related to the Assets. Sales volumes from the Assets were approximately 4,700 Boe/d (13 MMcf/d of shale gas and 2,500 Bbl/d of NGLs) in the third quarter of 2022. Paramount's current five-year outlook for the period from 2023 to the end of 2027 incorporates average sales volumes of approximately 5,000 Boe/d from the Assets.

The Disposition crystalizes the value of the Assets at attractive metrics while maintaining significant long-life production and development potential in the Kaybob Region, including at the Company's Kaybob North Duvernay property.

Closing of the Disposition is expected to occur inJanuary 2023, subject to receipt of regulatory approvals and the satisfaction of other customary closing conditions.

On closing, Paramount expects to:

- use a portion of the cash proceeds from the Disposition to repay any then remaining drawings under its revolving credit facility;
- declare a special dividend of $1.00 per class A common share; and
- update its 2023 guidance, preliminary 2024 guidance and five-year outlook.

PRODUCTION UPDATE

Sales volumes in October averaged approximately 104,000 Boe/d (45% liquids).(1) Grande Prairie Region production in November and early December was adversely impacted by unplanned outages and curtailments at the third-party Wapiti natural gas processing plant and unexpected infrastructure downtime at Karr. Unplanned constraints on firm receipt service on the Nova Gas Transmission Line in late October also impacted production. Although Grande Prairie Region production has largely been restored, these impacts are expected to result in average fourth quarter sales volumes being reduced by approximately 6,000 Boe/d. Accordingly, fourth quarter 2022 sales volumes are now expected to average between 97,000 Boe/d and 101,000 Boe/d (45% liquids) versus previous guidance of between 103,000 Boe/d and 107,000 Boe/d (45% liquids). Full year 2022 average sales volumes are now expected to average between 88,000 Boe/d and 90,000 Boe/d (45% liquids) versus previous guidance of between 90,000 Boe/d and 91,000 Boe/d (45% liquids).

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, 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".

Advisories

Forward-looking Information

Certain statements in this press release 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 press release includes, but is not limited to:

- the expected closing of the Disposition and the expected timing thereof;
- the expectation that Paramount will use a portion of the cash proceeds from the Disposition to repay any then remaining drawings under its revolving credit facility;

- the planned declaration of a special dividend on closing of the Disposition;
- the expected update of the Company's 2023 guidance, preliminary 2024 guidance and five-year outlook on closing of the Disposition; and
- anticipated average sales volumes for the fourth quarter of 2022 and for full year 2022.

Such forward-looking information is based on a number of assumptions which may prove to be incorrect.

The forward-looking information concerning: (i) the expected closing of the Disposition and the expected timing thereof, (ii) the expectation that Paramount will use a portion of the cash proceeds from the Disposition to repay any then remaining drawings under its revolving credit facility, (iii) the planned declaration of a special dividend on closing of the Disposition and (iv) the expected update of the Company's 2023 guidance, preliminary 2024 guidance and five-year outlook on closing of the Disposition is based on the assumption that all closing conditions to the Disposition will be satisfied and the closing of the Disposition will occur as anticipated. In addition, the planned declaration of a special dividend on closing of the Disposition is subject to final approval by the Board of Directors of the Company and the need to comply with requirements under debt agreements and applicable laws respecting the declaration and payment of dividends.

The forward-looking information concerning anticipated average sales volumes for the fourth quarter of 2022 and for full year 2022 is based on the following assumptions:

- current capital expenditure and development plans;
- the performance of wells, facilities and pipelines;
- 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, the construction, commissioning and start-up of new and expanded facilities, including third-party facilities, and facility turnarounds and maintenance).

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.

With respect to the forward-looking information concerning: (i) the expected closing of the Disposition and the expected timing thereof, (ii) the expectation that Paramount will use a portion of the cash proceeds from the Disposition to repay any then remaining drawings under its revolving credit facility, (iii) the planned declaration of a special dividend on closing of the Disposition and (iv) the expected update of the Company's 2023 guidance, preliminary 2024 guidance and five-year outlook on closing of the Disposition, there is a risk that the Disposition will not be completed on the terms anticipated or at all, including due to a closing condition not being satisfied. Further, even if the Disposition closes as anticipated, the Board of Directors of the Company retains the discretion to determine not to declare the special dividend in the amount stated or at all, including if payment of the dividend would be restricted by requirements under debt agreements or applicable laws.

With respect to the forward-looking information concerning anticipated average sales volumes for the fourth quarter of 2022 and for full year 2022, the material risks and uncertainties include, but are not limited to:

- changes in capital spending plans and planned exploration and development activities;
- the uncertainty of estimates and projections relating to production and product yields;
- 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, materials, services and personnel in a timely manner and at expected and acceptable costs, including the potential effects of inflation and supply chain disruptions;
- 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;
- risks and uncertainties involving the geology of oil and gas deposits;
- general business, economic and market conditions;
- 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 sections titled "*Risk Factors*" in Paramount's annual information form for the year ended December 31, 2021, 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 Measures and Definitions

Liquids	
Bbl	Barrels
Bbl/d	Barrels per day
MBbl	Thousands of barrels
NGLs	Natural gas liquids
Condensate	Pentane and heavier hydrocarbons

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

Natural Gas	
GJ	Gigajoules
GJ/d	Gigajoules per day
MMBtu	Millions of British Thermal Units
MMBtu/d	Millions of British Thermal Units per day
Mcf	Thousands of cubic feet
MMcf	Millions of cubic feet
MMcf/d	Millions of cubic feet per day
AECO	AECO-C reference price
WTI	West Texas Intermediate

This press release contains disclosures expressed as "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 when converting natural gas to Boe. 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, 2022, the value ratio between crude oil and natural gas was approximately 23:1. 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.

Reserves data set forth in this press release is based upon an evaluation of the Company's reserves prepared by McDaniel & Associates Consultants Ltd. ("McDaniel") dated March 1, 2022 and effective December 31, 2021 (the "McDaniel Report"). The estimates of reserves contained in the McDaniel Report and referenced in this document are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates contained in the McDaniel Report and referenced in this press release. 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. Readers should refer to the Company's annual information form for the year ended December 31, 2021, which is available on SEDAR at www.sedar.com, for a complete description of the McDaniel Report and the material assumptions, limitations and risk factors pertaining thereto.

Product Type Information

This press release includes references to sales volumes of "other NGLs" and "liquids". "Other NGLs" refers to ethane, propane and butane. "Liquids" refers to light and medium crude oil, tight oil, condensate and other NGLs combined. Below is further information of sales volumes or forecast sales volumes for applicable periods with reference to the specific product types of shale gas, conventional natural gas, NGLs, tight oil and light and medium crude oil.

Sales volumes in October averaged approximately 104,000 Boe/d (55% shale gas and conventional natural gas combined, 39% light and medium crude oil, tight oil and condensate combined and 6% other NGLs).

The Company forecasts that fourth quarter 2022 sales volumes will average between 97,000 Boe/d and 101,000 Boe/d (55% shale gas and conventional natural gas combined, 38% light and medium crude oil, tight oil and condensate combined and 7% other NGLs).

The Company forecasts that 2022 annual sales volumes will average between 88,000 Boe/d and 90,000 Boe/d (55% shale gas and conventional natural gas combined, 38% light and medium crude oil, tight oil and condensate combined and 7% other NGLs).

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(1) See Oil and Gas Measures and Definitions in the Advisories section.
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SOURCE Paramount Resources Ltd.

For further information: please contact: Paramount Resources Ltd., James H.T. Riddell, President and Chief Executive Officer and Chairman; Paul R. Kinvig, Chief Financial Officer; Rodrigo Sousa, Executive Vice President, Corporate Development and Planning, www.paramountres.com, Phone: (403) 290-3600

https://paramount.mediaroom.com/2022-12-09-Paramount-Resources-Ltd-Announces-375-Million-Asset-Sale,-Planned-Special-Dividend-and-Production-Update