Paramount Resources Ltd.

Paramount Announces the Sale of Its Musreau Complex for Cash and Other Considerations in Excess of $600 Million and Releases Its 2015 Annual Results

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MIDSTREAM SALE

Paramount Resources Ltd. (TSX:POU) ("Paramount" or the "Company") is pleased to announce that it has entered into an agreement with a wholly-owned subsidiary of Pembina Pipeline Corporation ("Pembina") for the sale of its Musreau Complex and related midstream assets (the "Midstream Transaction") for cash and other considerations in excess of $600 million.

The Midstream Transaction includes the 50 MMcf/d Refrigeration Plant, the 200 MMcf/d Deep Cut Plant, the 22,500 Bbl/d Condensate Stabilizer, the Amine Facility and the gas sales pipeline connecting the Musreau Complex to the TCPL meter station, as well as the majority of Paramount's larger-diameter gathering system in the Musreau area. Also included in the Midstream Transaction are the site and engineering and design work for the future 6-18 gas processing plant (the "6-18 Plant").

Paramount will receive $556 million in cash at closing, plus a $35 million capital commitment for an enhancement program the Company planned to complete in 2016 at the Musreau Complex. In addition, Pembina has agreed to optimize existing transportation arrangements to match Paramount's anticipated production growth. Paramount has also secured the right, upon the satisfaction of certain conditions, to call upon Pembina to build and provide up to 200 MMcf/d of gas processing capacity at the 6-18 Plant site.

As part of the Midstream Transaction, Paramount and Pembina have also entered into a Midstream Service Agreement ("MSA") which includes a 20-year arrangement that secures Paramount priority access to the sold capacity at the Musreau Complex. Paramount will have lower take-or-pay volume commitments in the initial years, ramping up to 200 MMcf/d by 2019 to align with the planned expansion and development of Paramount's Liquids-rich Montney resources. Under the terms of the MSA, the Company will pay a fixed capital fee per Mcf of raw gas delivered to the Musreau Complex, plus operating expenses. This capital charge will encompass costs for natural gas processing, condensate stabilization, use of the gathering system and transportation of sales gas from the Musreau Complex to the TCPL meter station. This charge at the plant inlet is expected to be equivalent to approximately $3.00/Boe of products sold from the Musreau Complex. Volumes delivered by Paramount in excess of its take-or-pay commitment will have processing priority treatment at the Musreau Complex.

A predetermined methodology has been agreed for the processing capital fee at the future 6-18 Plant as well as the associated scheduled take-or-pay gas delivery for firm processing service.

Upon closing, the proceeds from the Midstream Transaction will be used to pay down the Company's bank credit facility (the "Facility"). As of February 29, 2016, Paramount had $668.4 million drawn on the Facility. The Company intends to reduce the $900 million Tranche A of the Facility by $300 million to $600 million and cancel the $100 million Tranche B of the Facility, which has never been drawn.

"With this transaction, we have cemented a long-term partnership with Pembina, a reputable and reliable midstream operator. This is a transformational, strategic transaction for Paramount as we unlock the value of our midstream assets. We have also eliminated our future midstream funding requirement for the growth and development of our significant resources in the area, while maintaining the option to call for additional processing capacity," said Jim Riddell, Paramount's President and Chief Executive Officer.

The Midstream Transaction is expected to close in the second quarter of 2016, subject to regulatory approvals and customary closing conditions. There are no financing or other non-customary material closing conditions.

RBC Capital Markets is acting as financial advisor to Paramount on the Midstream Transaction.

2015 ANNUAL RESULTS

PRINCIPAL PROPERTIES

- Sales volumes averaged approximately 51,000 Boe/d from December 2015 through February 2016, approximately 25,000 Bbl/d were Liquids.
- 2015 annual sales volumes averaged 44,130 Boe/d, 80 percent higher than 2014, with Liquids sales volumes increasing by 184 percent to 17,345 Boe/d.
- Montney volumes accounted for 67 percent of overall sales in December 2015 compared to 43 percent in December 2014.

- Two six well Ultra-Rich Montney pads were completed in the fourth quarter. Total costs to drill, complete, equip and tie-in the 12 one-mile horizontal wells averaged approximately $8.5 million per well.

- Kaybob operating expense was $3.44/Boe in 2015. Paramount's corporate operating expense was $5.59/Boe in 2015, 30 percent lower than 2014.

- Funds flow from operations totaled $93.2 million in 2015 compared to $141.0 million in 2014. Paramount continues to generate positive cash flows from operations despite the low commodity price environment as a result of the high Liquids content of its Montney resources and low per unit production costs.

- Capital spending for 2015 totaled $490.4 million, of which $429.9 million was invested in Paramount's Principal Properties and $60.5 million was invested in Strategic Investments.

- At December 31, 2015, the Company recorded aggregate impairment write-downs of $287.8 million related to its Principal Properties as a result of the decrease in commodity prices and other factors.

RESERVES

- Principal Properties proved and proved plus probable ("P+P") reserves were 226.3 MMBoe and 337.6 MMBoe, respectively in 2015. There was no material change in reserves volumes from 2014.

- The Company's reserves continue to be economical despite significantly lower commodity prices because of high Liquids content and continued efforts to reduce operating and capital costs.

- Kaybob area three-year average P+P finding and development costs averaged $11.25/Boe, before infrastructure capital.

- The estimated net present value of Paramount's proved reserves at December 31, 2015 was $1.6 billion compared to $2.3 billion in 2014 (10 percent discount, before tax). The estimated value of P+P reserves was $3.1 billion compared to $3.8 billion in 2014 (10 percent discount, before tax).

- P+P future development costs decreased $0.6 billion to $2.5 billion in 2015 compared to $3.1 billion in 2014, primarily due to improved capital efficiencies resulting from changes in completion practices, technical improvements and cost reductions in industry services.

STRATEGIC INVESTMENTS

- Fox Drilling has completed the construction of its two new triple-sized built-for-purpose walking rigs. They will be deployed as part of Paramount's Deep Basin drilling programs in 2016.

- Drilling operations resumed at the c-37-D La Biche shale gas well in the Liard Basin in December and the well is expected to be drilled to target depth before spring breakup. Upon the completion of drilling operations, the Company will have secured its mineral rights in the region for another 10 years.

- At December 31, 2015, the Company recorded impairment charges of $160.0 million related to Cavalier Energy and other long-term projects as a result of the lower commodity prices.

CORPORATE

- The Company is managing its near-term liquidity by aligning capital expenditures with cash flows. Future spending levels for Paramount's core developments and other initiatives will be determined following the closing of the Midstream Transaction and will also depend on commodity prices and other factors.

- Paramount continues to implement measures to reduce general and administrative costs. The Company has eliminated most corporate consultant positions, reduced employee salaries by five percent in 2016 and reduced its permanent workforce by approximately 15 percent.

- The Company has 6,000 Bbl/d of liquids sales hedging contracts in place for calendar 2016 at an average WTI price of C$75.72/Bbl. In January 2016, Paramount locked in the unrealized gain for 2,000 Bbl/d of the hedged volumes by entering into a fixed price liquids purchase contract at a WTI price of C$50.64/Bbl.

- For the year ended December 31, 2015, the Company recorded the following non-cash accounting adjustments: a $194.2 million reduction of deferred tax assets, an $81.8 million impairment charge related to investments in other entities and a $60.8 million unrealized foreign exchange loss on the Company's $450 million US senior notes due 2023.

- As a result of the strengthening of the Canadian dollar relative to the US dollar between December 31, 2015 and March 11, 2016, the year-end unrealized foreign exchange loss of $60.8 million related to the 2023 US senior notes has been reduced by $28.1 million.

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

	Three months ended December 31			**Twelve months ended December 31**		
	2015	2014	*% Change*	**2015**	2014	*% Change*
Sales volumes						
Natural gas (MMcf/d)	**157.8**	143.9	*10*	**160.7**	110.5	*45*
Condensate and oil (Bbl/d)	**9,991**	5,320	*88*	**8,610**	3,986	*116*
Other NGLs (Bbl/d) [(2)]	**9,175**	5,123	*79*	**8,735**	2,128	*310*
Total (Boe/d)	**45,466**	34,430	*32*	**44,130**	24,524	*80*
% Liquids	***42%***	*30%*		***39%***	*25%*	
Petroleum and natural gas sales	**91.3**	99.4	*(8)*	**376.8**	350.0	*8*
Operating expense ($/Boe)	**5.49**	7.02	*(22)*	**5.59**	7.96	*(30)*
Funds flow from operations	**21.0**	41.6	*(50)*	**93.2**	141.0	*(34)*
per share - diluted ($/share)	***0.20***	*0.40*		***0.88***	*1.39*	
Net loss	**(599.0)**	(106.5)	*462*	**(901.3)**	(71.7)	*1,157*
per share - diluted ($/share)	***(5.64)***	*(1.02)*		***(8.52)***	*(0.71)*	
Principal Properties Capital [(3)]	**63.0**	224.6	*(72)*	**429.9**	813.9	*(47)*
Investments in other entities - market value [(4)]				**130.8**	256.9	*(49)*
Total assets				**2,781.0**	3,199.4	*(13)*
Net Debt				**1,904.6**	1,482.5	*28*
Common shares outstanding (*thousands*)				**106,212**	104,844	*1*

(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) Other NGLs means ethane, propane and butane.

(3) Principal Properties Capital includes capital expenditures and geological and geophysical costs related to the Company's Principal Properties, and excludes land acquisitions and capitalized interest.

(4) Based on the period-end closing prices of publicly-traded investments and the book value of the remaining investments.

RESERVES [(1)(2)]

	PRINCIPAL PROPERTIES					
	Proved			**Proved & Probable**		
	2015	2014	*% Change*	**2015**	2014	*% Change*
Natural gas (Bcf)	**710.5**	703.8	*1*	**1,065.7**	1,090.9	*2*
NGLs (MBbl)	**107,125**	108,410	*(1)*	**158,934**	163,736	*(3)*

Light and Medium crude oil (MBbl)	**788**	1,108	*(29)*	**1,074**	1,526	*(30)*
Total (MBoe)	**226,340**	226,812	--	**337,633**	347,085	*(3)*
F&D costs - three year average						
Excluding facilities & gathering ($/Boe)	**16.93**	18.95	*(11)*	**12.20**	13.37	*(9)*
NPV$_{10}$($ millions)	**1,608**	2,255	*(29)*	**3,055**	3,836	*(20)*

(1) Readers are referred to the advisories concerning Oil and Gas Measures and Definitions in the Advisories section of this document.

(2) Reserves evaluated by the Company's independent reserves evaluator, McDaniel & Associates Consultants Ltd. as of December 31, 2015 in accordance with National Instrument 51-101 definitions, standards and procedures. Amounts are working interest reserves before royalty deductions. Net present values were determined using forecast prices and costs and do not represent fair market value.

Paramount is an independent, publicly traded, Canadian corporation that explores for and develops conventional petroleum and natural gas prospects, pursues longer-term non-conventional exploration and pre-development projects and holds investments in other entities. The Company's properties are primarily located in Alberta, British Columbia and the Northwest Territories. Paramount's Class A Common Shares are listed on the Toronto Stock Exchange under the symbol "POU".

Paramount's 2015 results, including Management's Discussion and Analysis and the Company's Consolidated Financial Statements, can be obtained at: download/2016+March+17.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:

- the completion of the Midstream Transaction and the expected use of proceeds and debt reduction resulting therefrom;
- timing and planned changes to the Facility following the Midstream Transaction;
- forecast capital expenditures and cash flows;
- estimated reserves and the discounted present value of future net revenues therefrom;
- exploration, development, and associated operational plans and strategies, and the anticipated costs and timing thereof; and
- 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, condensate, Other NGLs, oil and bitumen prices;
- royalty rates, taxes and capital, operating, general & administrative and other costs;
- foreign currency exchange rates and interest rates;
- general economic and business conditions;
- the ability of Paramount to obtain the required capital to finance its exploration, development and other operations;
- 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, condensate, Other NGLs, oil and bitumen 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;
- 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); and
- the Midstream Transaction being completed on the expected terms and timing.

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 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, condensate, Other NGLs, oil and bitumen prices;
- changes in foreign currency exchange rates and interest rates;
- the uncertainty of estimates and projections relating to future revenue, future 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, condensate, Other NGLs, oil and bitumen;
- 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);
- industry wide 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 and resources estimates;
- general business, economic and market conditions;
- the ability to generate sufficient cash flow from operations and obtain financing at an acceptable cost to fund planned exploration, development and operational activities and meet current and future obligations (including costs of anticipated new and expanded facilities and other projects and product processing, transportation, de-ethanization, fractionation and similar commitments);
- 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 enter into and maintain leases and licenses;
- the effects of weather;
- 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;
- the Midstream Transaction may not be completed on the expected terms or at the expected time or at all; 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 "Funds flow from operations", "Net Debt", "Principal Properties Capital" and "Investments in other entities - market value", collectively the "Non-GAAP measures", are used and do not have any standardized meanings as prescribed by International Financial Reporting Standards.

Funds flow from operations refers to cash from operating activities before net changes in operating non-cash 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. 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 liquidity and capital resources section of the Company's Management's Discussion and Analysis for the period for the calculation of Net Debt. Principal Properties Capital includes capital expenditures and geological and geophysical costs related to the Company's Principal Properties, and excludes land acquisitions and capitalized interest. The Principal Properties Capital measure provides management and investors with information regarding the Company's Principal Properties spending on drilling and infrastructure projects separate from land acquisition activity and capitalized interest. Refer to the Exploration and Capital Expenditures section of the Company's Management's Discussion and Analysis. 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., Marquee Energy Ltd., RMP Energy Inc., Strategic Oil & Gas Ltd. 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.

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", "MBoe", "$/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. During the year ended December 31, 2015, the value ratio between crude oil and natural gas was approximately 22:1. 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" means ethane, propane and butane.

Natural gas reserves consist of shale gas and conventional natural gas. Light and medium crude oil reserves include immaterial amounts of tight oil. 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. In addition, estimates of future net revenue do not represent fair market value.

The three year average finding and development ("F&D") costs were calculated by dividing the aggregate sum of capital costs incurred for the three years ended December 31, 2015, excluding capital costs related to facilities and gathering systems, capitalized interest and land acquisitions, and the net change in estimated future development costs from December 31, 2012 to December 31, 2015 by reserve additions comprised of the aggregate sum of extensions & discoveries, technical revisions and economic factors for the three years December 31, 2015 (excluding acquisitions and dispositions).

F&D costs also exclude capital costs and reserve volumes related to oil sands and exploratory shale gas properties within Paramount's Strategic Investments business segment because the relationship between capital amounts invested and reserve volumes discovered for such properties is not comparable to oil and gas properties within Paramount's Principal Properties business segment.

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