

Paramount Announces Third Quarter 2015 Results; Average Sales Volumes Increase 128% to 50,000 Boe/d; Condensate Sales Volumes Increase 118% to 10,000 Bbl/d

CALGARY, ALBERTA - Nov. 4, 2015 /CNW/ - Paramount Resources Ltd. (TSX:POU)

OIL AND GAS OPERATIONS

- Third quarter 2015 sales volumes averaged 49,990 Boe/d, 128 percent higher than the third quarter of 2014. Sales volumes in September were impacted by nine days of downtime at the Musreau Deep Cut Facility due to the start-up of the amine processing train.
- Third quarter 2015 liquids sales volumes totaled 19,697 Bbl/d, 211 percent higher than the same period in 2014, including 10,214 Bbl/d of condensate. Liquids sales represented 54 percent of total revenue and 39 percent of total sales volumes in the third quarter of 2015.
- The Kaybob COU's third quarter 2015 operating expense was \$3.38/Boe. Paramount's corporate operating expense was \$5.67/Boe in the third quarter of 2015, 26 percent lower than the third quarter of 2014.
- Netbacks including realized hedging increased 28 percent to \$69.9 million in the third quarter of 2015 compared to \$54.6 million in the same period in 2014, despite average realized prices decreasing by 42 percent.
- During the third quarter, the Company completed and brought-on three multi-well pads at Musreau consisting of nine (9.0 net) Montney wells. Seven (6.3 net) additional new wells at Musreau and Karr-Gold Creek were also brought on production.
- Paramount's Montney well completions have evolved to use a lower-cost foamed water system. This design was successfully used for two completions in the third quarter and will be used for 12 additional well completions before the end of the year.
- The Company is migrating its 2016 drilling program towards a combination of 1.0 and 1.5 mile lateral length wells. These longer wells are expected to deliver higher natural gas and liquids production at a lower cost per meter of wellbore.
- Construction of the non-operated compression facility at Birch in northeast British Columbia was completed in October, and six (3.0 net) Montney wells are expected to be brought on production in the fourth quarter.

STRATEGIC INVESTMENTS

- Fox Drilling's two new triple-sized built-for-purpose walking rigs are expected to be completed and available for service before the end of the year.
- Drilling operations are scheduled to resume at the c-37-D La Biche shale gas well in the Liard Basin in December. Upon completing drilling operations in the 2015 / 2016 winter drilling season, the Company will have secured its mineral rights in the region for another 10 years.

CORPORATE

- As of October 30, 2015, the Company had borrowings outstanding of \$647 million under its bank credit facility, a reduction of \$53 million compared to June 30, 2015.
- In July 2015, Paramount settled its 2,000 Bbl/d NYMEX WTI swaps (calendar 2016; average fixed price - US\$62.28/Bbl) for cash proceeds of \$6.4 million.
- The Company continues to have liquids hedging contracts in place for 3,000 Bbl/d for the remainder of 2015 at an average WTI price of C\$74.06/Bbl and 6,000 Bbl/d for calendar 2016 at an average WTI price of C\$75.72/Bbl.

OUTLOOK

The Company has accelerated completion operations for two "Ultra-Rich" six-well pads at Musreau to November 2015 to secure lower pricing for services and materials. These 12 wells were previously scheduled to be completed in the first quarter of 2016. Paramount's 2015 capital spending is anticipated to be \$490 million, primarily related to incremental spending in the Kaybob

area due to the accelerated well completions, higher third quarter completion costs as a result of higher intensity oil-based fracks and higher facilities costs, and additional costs for the La Biche Shale gas project.

Paramount was impacted by a scheduled third-party NGLs pipeline outage that required the majority of its Kaybob area wells to be shut in on October 20th. The third-party NGLs pipeline has resumed service and the Company is in the process of restarting the Musreau Deep Cut Facility and bringing its wells back on production. Sales volumes are expected to increase as the Company resumes Kaybob area production, brings on Montney wells at Birch through the new compression facility and begins to bring on new Ultra-Rich wells at Musreau. Paramount's 2015 sales volumes are expected to average approximately 45,000 Boe/d.

FINANCIAL AND OPERATING HIGHLIGHTS ⁽¹⁾

(\$ millions, except as noted)

	Three months ended September 30			Nine months ended September 30		
	2015	2014	% Change	2015	2014	% Change
Sales volumes						
Natural gas (MMcf/d)	181.8	93.6	94	161.7	99.2	63
Condensate and oil (Bbl/d)	10,214	4,690	118	8,144	3,537	130
Other NGLs (Bbl/d) ⁽²⁾	9,483	1,643	477	8,587	1,118	668
Total (Boe/d)	49,990	21,936	128	43,680	21,186	106
% Liquids	39%	29%		38%	22%	
Petroleum and natural gas sales	110.7	84.4	31	285.5	250.6	14
Average realized price (\$/Boe)	24.07	41.80	(42)	23.94	43.33	(45)
Operating expense (\$/Boe)	5.67	7.65	(26)	5.63	8.48	(34)
Netback including realized hedges	69.9	54.6	28	169.3	158.8	7
\$/Boe	15.23	27.06		14.20	27.46	
Funds flow from operations	36.9	36.4	1	72.2	99.4	(27)
per share - diluted (\$/share)	0.35	0.35		0.68	0.98	
Net income (loss)	(171.8)	(9.4)	nm	(302.3)	34.8	nm
per share - diluted (\$/share)	(1.62)	(0.09)		(2.86)	0.34	
Principal Properties Capital ⁽³⁾	90.5	222.7	(59)	366.9	589.3	(38)
Investments in other entities - market value ⁽⁴⁾				131.4	667.1	(80)
Total assets				3,367.8	3,090.9	9
Net Debt				1,830.8	1,256.7	46
Common shares outstanding (thousands)				106,212	104,614	2

(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. 'nm' means not meaningful.

(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.

ADDITIONAL INFORMATION

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 third quarter 2015 report, including Management's Discussion and Analysis and the Company's Consolidated

Financial Statements, can be obtained at: [download/2015+Nov+4.pdf](#).

This information will also be made available through Paramount's website at www.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 (including the liquids component thereof);
- forecast capital expenditures;
- projected timelines for the completion of new drilling rigs;
- exploration, development, and associated operational plans and strategies, and the anticipated 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; 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 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; 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", "Netback", "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. 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. 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., 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" 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 nine months ended September 30, 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. NGLs consist of condensate and Other NGLs. The term "Other NGLs" means ethane, propane and butane.

For further information: Paramount Resources Ltd., J.H.T. (Jim) Riddell, President and Chief Executive Officer, (403) 290-3600 / Paramount Resources Ltd., B.K. (Bernie) Lee, Chief Financial Officer, (403) 290-3600, (403) 262-7994 (FAX), www.paramountres.com

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