Paramount Resources Ltd.

Paramount Resources Ltd. 2013 Results: Proved Reserves Up 72%; Conventional P+P Reserves Up 54%; Musreau Deep Cut Facility To Ramp-up In Q2 2014; Company Production To Reach 50,000 Boe/d In 2014

CALGARY, ALBERTA - March 6, 2014 /CNW/ - Paramount Resources Ltd. (TSX:POU) -

OVERVIEW

Oil and Gas Operations

- Proved reserves increased 72 percent year-over-year to 87.7 MMBoe, after production of 7.6 MMBoe and dispositions of 2.2 MMBoe (replacement ratio of 6.1 times).
- Total proved and probable ("P+P") reserves increased 47.3 MMBoe to 227.3 MMBoe, with conventional P+P reserves increasing 54 percent to 133.8 MMBoe (replacement ratio of 7.6 times) and probable oil sands bitumen reserves increasing to 93.5 MMBoe.
- Year-end 2013 P+P reserves included 57.8 MMBbl of NGLs (43 percent of conventional P+P reserves), representing an 88 percent increase in NGLs reserves over 2012.
- The value of year-end 2013 conventional P+P reserves (10% discount, before tax) more than doubled to $1.8 billion.
- Kaybob COU P+P finding and development costs, excluding major facilities and gathering system project construction costs, were $10.21 per Boe compared to $10.31 per Boe in 2012.
- Sales volumes will begin to ramp-up as the Musreau Deep Cut Facility starts up in the second quarter of 2014. Paramount's sales volumes are expected to reach approximately 50,000 Boe/d in 2014 and increase to approximately 70,000 Boe/d in 2015.
- Paramount's behind pipe well inventory in the Kaybob Deep Basin has increased to 66 (47.9 net) wells with estimated first month deliverability of approximately 300 MMcf/d (230 MMcf/d net).
- Kaybob COU sales volumes increased 23 percent to 13,402 Boe/d in 2013 compared to 10,910 Boe/d in 2012. Total Company sales volumes increased 5 percent in 2013 to average 20,914 Boe/d, despite third-party downstream disruptions that curtailed production by approximately 3,500 Boe/d and the sale of 1,500 Boe/d of production.
- NGLs volumes are projected to increase from 12 percent of total sales volumes in 2013 to approximately 40 percent by the end of 2014.
- Netbacks increased by 42 percent to $126.2 million in 2013 from $88.9 million in 2012.
- In 2013, the Company sold non-core properties in Alberta, the Northwest Territories and the United States, realizing proceeds of approximately $70 million in cash and publicly trading securities.
- In February 2014, Paramount entered into an agreement to sell coal bed methane properties producing approximately 6 MMcf/d in the Chain-Delia area of Alberta for approximately $12 million in common shares of a TSX-Venture listed Company.

Corporate

- The Company raised a total of approximately $360 million in 2013 through equity offerings and the $150 million re-opening of its 7 5/8 percent senior notes due 2019.
- In November 2013, Paramount's bank credit facility was increased from $450 million to $600 million based on progress made in the Kaybob Deep Basin development and increases in reserves to the end of September 2013.
- Total 2013 capital spending was approximately $100 million lower than Paramount's $800 million capital guidance because of severe weather conditions in late-2013 and other factors which deferred spending into 2014.

Strategic Investments

- The market value of Paramount's investments in publicly-traded and private corporations was approximately $690 million ($7.10 per Paramount share) as of December 31, 2013.
- In the Liard Basin, the Company's first horizontal shale gas exploration well at Patry was brought-on production in late-December. At Dunedin, the Company plans to complete its d-57-D shale gas exploration well and drill an additional shale gas exploration well in 2014 to preserve lands.
- Cavalier Energy anticipates regulatory approvals for the initial 10,000 Bbl/d phase of its Hoole project will be received by mid-2014. Front-end engineering and design work was completed in 2013.
- Fox Drilling's two new walking rigs are both currently drilling separate 10-well pads in the Kaybob COU.

FINANCIAL AND OPERATING HIGHLIGHTS[(1)(2)]

($ millions, except as noted)	Three months ended December 31			Year ended December 31		
	2013	**2012**	**% Change**	**2013**	**2012**	**% Change**
FINANCIAL						
Petroleum and natural gas sales	**57.8**	54.6	6	**232.5**	197.1	18
Funds flow from operations	**18.3**	17.7	3	**70.6**	58.1	22
Per share - diluted ($/share)	***0.19***	*0.20*		***0.75***	*0.67*	
Net income (loss)	**0.3**	(151.8)	100	**(59.1)**	(61.9)	5
Per share - diluted ($/share)	-	*(1.69)*		***(0.63)***	*(0.71)*	
Exploration and development expenditures	**175.8**	166.8	5	**624.9**	523.1	19
Investments in other entities - market value (3)				**688.5**	704.8	(2)
Total assets				**2,447.8**	2,037.0	20
Net debt				**1,119.2**	701.4	60
Common shares outstanding (thousands)				**96,993**	89,932	8
OPERATING						
Sales volumes						
Natural gas (MMcf/d)	**102.5**	104.1	(2)	**106.1**	98.5	8
NGLs (Bbl/d)	**2,668**	2,110	26	**2,498**	1,873	33
Oil (Bbl/d)	**536**	1,213	(56)	**726**	1,620	(55)
Total (Boe/d)	**20,290**	20,674	(2)	**20,914**	19,917	5
Average realized price						
Natural gas ($/Mcf)	**3.73**	3.45	8	**3.57**	2.72	31
NGLs ($/Bbl)	**74.30**	61.23	21	**74.73**	67.10	11
Oil ($/Bbl)	**78.92**	79.72	(1)	**87.47**	83.16	5
Total ($/Boe)	**30.99**	28.70	8	**30.46**	27.04	13
RESERVES (4)						
	Proved			**Proved & Probable**		
	December 31 2013	December 31 2012		**December 31 2013**	December 31 2012	
Natural gas (Bcf)	**301.3**	201.9	49	**450.5**	323.7	39
NGLs (MBbl)	**36,777**	15,662	135	**57,844**	30,761	88
Light and medium crude oil (MBbl)	**680**	1,540	(56)	**885**	2,128	(58)
Total Conventional (MBoe)	**87,677**	50,857	72	**133,813**	86,842	54
Oil sands bitumen (MBbl)	-	-	-	**93,468**	93,091	-
Total Company (MBoe)	**87,677**	50,857	72	**227,281**	179,933	26
Conventional F&D costs excluding facilities &	**17.79**	16.82	6	**10.87**	12.18	(11)

gathering ($/Boe)						
Conventional reserves replacement	**611%**	336%		**759%**	599%	
NPV_{10} future net revenue before tax						
Conventional	**1,093**	456	140	**1,793**	880	104
Total Company	**1,093**	456	140	**2,094**	1,259	66

(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) Amounts include the results of discontinued operations. Refer to Paramount's Management's Discussion and Analysis for the year ended December 31, 2013.

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

(4) Working interest reserves before royalty deductions. Net present values were determined using forecast prices and costs and do not represent fair market value.

OUTLOOK

The Company's 2014 exploration and development ("E&D") and strategic investments capital budget is $650 million, excluding land acquisitions and capitalized interest. Paramount's E&D investments will primarily focus on the Company's Deep Basin developments, including drilling and completing wells in Kaybob to feed the new deep cut facilities and at Karr-Gold Creek to further delineate the middle and upper Montney formation. Spending will also be directed to facilities projects including completion of the deep cut projects at Musreau and at Smoky, the amine processing train and the condensate stabilizer expansion. In the Southern and Northern COUs, up to eight wells are planned to be drilled to explore new opportunities and for land retention. Strategic Investments spending in 2014 will be directed towards completing the d-57-D shale gas exploration well at Dunedin and drilling an additional vertical shale gas exploration well at Dunedin for land retention.

Fourth quarter 2013 sales volumes averaged approximately 20,000 Boe/d and Paramount expects sales volumes to continue at that level, after giving effect to the first quarter Chain area disposition. Paramount will begin to ramp-up production as the Musreau Deep Cut Facility starts up, additional components of the Company's Kaybob area infrastructure are completed and third-party de-ethanization capacity becomes available. Sales volumes are expected to reach approximately 50,000 Boe/d in 2014 and increase to approximately 70,000 Boe/d in 2015, depending upon the availability of downstream third-party de-ethanization capacity.

ADDITIONAL INFORMATION

ABOUT PARAMOUNT

Paramount Resources Ltd. is a Canadian oil and natural gas exploration, development and production company with operations focused in Western Canada. Paramount's common shares are listed on the Toronto Stock Exchange under the symbol "POU".

Paramount's financial and operating results for 2013, including Management's Discussion and Analysis and the Company's audited consolidated financial statements as at and for the year ended December 31, 2013, can be obtained at: download/2014+March+6.pdf.

This information will also be made available through: SEDAR at www.sedar.com and Paramount's website at www.paramountres.com.

Paramount's Annual Information Form ("AIF") for the year ended December 31, 2013, which includes the disclosure and reports relating to reserves data and other oil and gas information required pursuant to National Instrument 51-101, will also be made available through Paramount's website and SEDAR.

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 and growth and the timing thereof (including expected first month production volumes from the Kaybob COU's inventory of behind-pipe wells);
- forecast capital expenditures;
- exploration, development, and associated operational plans and strategies and the anticipated timing of such activities;
- projected timelines for constructing, commissioning and/or starting-up new and expanded deep cut natural gas processing and associated facilities;
- the projected availability of third party processing, transportation, fractionation, de-ethanization and other facilities;
- the anticipated date for receiving regulatory approvals for the initial phase of Cavalier Energy's Hoole Grand Rapids oil sands development project;
- business strategies and objectives; and
- estimated reserves and the discounted present value of future net revenues therefrom.

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 oil, bitumen, natural gas, NGLs and other commodity 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, fractionation, de-ethanization and storage capacity on acceptable terms;
- the ability of Paramount to market its oil, bitumen, natural gas and NGLs 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 and NGLs yields) 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 oil, bitumen, natural gas, NGLs and other commodity prices;
- changes in foreign currency exchange rates and interest rates;
- the uncertainty of estimates and projections relating to future revenue, future production, NGLs yields, royalty rates, taxes and costs and expenses;
- the ability to secure adequate product processing, transportation, fractionation, de-ethanization and storage capacity on acceptable terms;
- operational risks in exploring for, developing and producing crude oil, bitumen, natural gas and NGLs;
- the ability to obtain equipment, services, supplies and personnel in a timely manner and at an acceptable cost;
- potential disruptions 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, 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", "Exploration and development expenditures" 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, production taxes and transportation 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. **Exploration and development expenditures** refer to capital expenditures and geological and geophysical costs incurred by the Company's COUs (excluding land and acquisitions). The exploration and development expenditure measure provides management and investors with information regarding the Company's Principal Property spending on drilling and infrastructure projects, separate from land acquisition activity**. 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., MGM Energy Corp., 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" 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. The term "liquids" is used to represent oil and natural gas liquids.

During 2013, the value ratio between crude oil and natural gas was approximately 25:1. 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.

Conventional reserve estimates include nominal amounts of volumes and future net revenues related to Paramount's completed shale gas well. 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.

Finding and Development ("F&D") costs 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 conventional oil and gas properties.

The reserves replacement disclosure herein was calculated as the net increase in proved and proved and probable reserves estimates from extensions and discoveries, technical revisions and economic factors divided by the Company's total production in the period. Estimated production from wells that have not yet produced included in the Kaybob COU's estimated behind pipe production inventory is based on the Company's 4.4 Bcf type curve for Falher formation wells and 3.0 Bcf type curve for Montney formation wells.

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