

## **Paramount Resources Ltd. Announces Reorganization of Bitumen Assets into New Wholly-Owned Subsidiary "Pixar Petroleum Corp.", Pixar's Executive Team and initial Saleski Resource Estimates**

**CALGARY, ALBERTA - Nov. 28, 2011 /CNW/** - Paramount Resources Ltd. (TSX:POU) ("Paramount" or the "Company") is pleased to announce the reorganization of all of the Company's oil sands and carbonate bitumen interests into a new wholly-owned subsidiary, Pixar Petroleum Corp. ("Pixar"). The reorganization is being undertaken to create a focused, self-funding oil sands entity in order to accelerate the development of Paramount's bitumen interests. Dr. William Roach has been appointed as Pixar's President and Chief Executive Officer. In addition, the initial independent resource estimates for the Saleski and other carbonate bitumen properties have now been completed and the Company is pleased to announce the results.

### **REORGANIZATION**

Upon completion of the reorganization in early-December, all of Paramount's oil sands and carbonate bitumen leases will be owned by Pixar - including Paramount's Hoole and Saleski leases.

In total, Pixar will own approximately 275 sections of Crown oil sands leases in the western Athabasca region of Alberta, the majority of which are 100 percent owned. These leases are prospective in multiple formations, primarily for thermal in-situ development, but also have potential for cold production.

To view the map associated with this release, please visit the following link: [download/2011+Nov+28\\_map.pdf](#)

### **PIXAR'S EXECUTIVE LEADERSHIP TEAM**

Mr. James Riddell, Paramount's President and Chief Operating Officer, has been appointed the Executive Chairman of Pixar.

Dr. William Roach has been appointed President and Chief Executive Officer of Pixar. From 2004 to 2010, Dr. Roach served on the Board of Directors and as President and Chief Executive Officer of UTS Energy Corporation ("UTS"), which at that time was a publicly listed energy company focused on the exploration, development and production of oil sands deposits in the Athabasca Oil Sands Area of northeastern Alberta. During his tenure, the market capitalization of UTS increased from \$50 million to over \$1.75 billion. Prior to UTS, Dr. Roach had a successful 20-year career directing and managing the design, construction and delivery of large capital-intensive national and international upstream oil and gas projects. In the coming year, Dr. Roach will primarily focus on overseeing the submission of a development application for Pixar's Hoole oil sands property and building the team necessary to execute that development.

Mr. Martin Sandell has been appointed Senior Vice President, Development of Pixar. Mr. Sandell was previously Vice President Engineering of UTS and has 25 years of experience leading large diverse oil and gas projects from conception to operation in Canada, the United Kingdom, the North Sea and the Gulf of Mexico.

Mr. William Robinson has been appointed Vice President, Geoscience of Pixar. Prior to joining Pixar, Mr. Robinson oversaw the exploration and delineation of Paramount's oil sands assets.

### **PIXAR'S PROPERTIES**

Pixar's properties will include approximately 56 sections of land at Hoole, which are primarily prospective for bitumen in the Grand Rapids formation and the carbonate properties, which are primarily prospective for bitumen in the Grosmont formation. The carbonate properties will include approximately 15 sections of land at Saleski and 186 sections of land in other areas (the "Other Carbonate Leases"), including leases at Orchid, Granor and House. The new subsidiary will also own approximately 18 additional sections in the Athabasca Oil Sands Area of northeastern Alberta. Pixar's near-term plans are expected to focus on the development of its 100 percent owned oil sands leases at Hoole and the further delineation of its carbonate bitumen leases at Saleski.

### **Hoole**

The majority of the work necessary for the regulatory application for commercial development at the Hoole oil sands property has been completed, together with preliminary front-end engineering and design, and reservoir modelling and simulation (which has been verified by core flood experiments). Preparatory work for project development is continuing, including field activities focused on optimizing water source and disposal options.

In July 2011, Paramount received an updated independent evaluation of its bitumen resources within the Grand Rapids formation at the Hoole oil sands property. The updated evaluation was conducted by the Company's

independent reserves evaluator, McDaniel & Associates Consultants Ltd. ("McDaniel"). The table below summarizes McDaniel's estimates of volumes attributable to Paramount's 100 percent interest in the economic contingent bitumen resources in the Grand Rapids formation at Hoole as of April 30, 2011, and estimates of initial and fully developed production from such interests using a conventional steam assisted gravity drainage ("SAGD") development scenario.

<b>Category / Level of Certainty<sup>(1)</sup></b>	<b>DEBIP<sup>(2)</sup></b>	<b>Economic Contingent Resources<sup>(3)(4)</sup></b>	<b>Initial Production<sup>(5)</sup></b>	<b>Fully Developed Production<sup>(5)</sup></b>	<b>NPV<sup>(6)</sup> of Future Net Revenue (Discounted at 10%) (\$MM)</b>
	<b>(MBbl)</b>	<b>(MBbl)</b>	<b>(Bbl/d)</b>	<b>(Bbl/d)</b>	
High Estimate	1,821,614	952,544	27,000	105,000	4,336
Best Estimate	1,631,742	762,661	26,000	80,000	2,834
Low Estimate	1,320,406	552,094	25,000	60,000	1,602

DEBIP means Discovered Exploitable Bitumen In Place.

MBbl means thousands of barrels.

Bbl/d means barrels per day.

\$MM means millions of Canadian dollars.

See the Advisories section at the end of this document for note references.

## Saleski

In April 2011, Paramount completed a ten-well delineation drilling program at the Saleski property. Plans are currently being developed for the 2011/2012 winter capital program, including further delineation drilling and seismic surveys.

Paramount has now received an independent evaluation of its bitumen resources within the Grosmont formation at Saleski and the Other Carbonate Leases. The table below summarizes the estimated volumes attributable to Paramount's 100 percent interest in the carbonate bitumen resources associated with the Saleski property, evaluated by McDaniel as of October 31, 2011. McDaniel's evaluation was limited to the Grosmont formation and is based on the resource being exploited using SAGD. The technology required to economically produce bitumen from carbonate formations is currently in the development stage and pilot projects by others in the industry are ongoing. Currently, there is insufficient economic data available for McDaniel to apply economic cutoffs or estimate future net revenue.

<b>Category / Level of Certainty<sup>(1)</sup></b>	<b>DEBIP<sup>(2)</sup></b>	<b>UDEBIP<sup>(7)</sup></b>	<b>Contingent Resources (Technology Under Development)<sup>(8)</sup></b>	<b>Prospective Resources<sup>(9)</sup></b>
	<b>(MBbl)</b>	<b>(MBbl)</b>	<b>(MBbl)</b>	<b>(MBbl)</b>
High Estimate	1,184,641	133,904	566,795	62,754
Best Estimate	1,184,641	109,332	380,493	34,006
Low Estimate	1,184,641	89,269	-	-

DEBIP means Discovered Exploitable Bitumen In Place.

UDEBIP means Undiscovered Exploitable Bitumen In Place.

MBbl means thousands of barrels.

See the Advisories section at the end of this document for note references.

## Other Carbonate Leases

The table below summarizes the estimated volumes attributable to Paramount's 100 percent interest in the carbonate bitumen resources associated with the Other Carbonate Leases as evaluated by McDaniel as of October 31, 2011. McDaniel's evaluation was limited to the Grosmont formation and is based on these resources being exploited using SAGD. The technology required to economically produce bitumen from carbonate formations is currently in the development stage and pilot projects by others in the industry are ongoing. Currently there is insufficient economic data available for McDaniel to apply economic cutoffs or estimate future net revenue.

<b>Category / Level of Certainty<sup>(1)</sup></b>	<b>DEBIP<sup>(2)</sup></b>	<b>UDEBIP<sup>(7)</sup></b>	<b>Contingent Resources (Technology Under Development)<sup>(8)</sup></b>	<b>Prospective Resources<sup>(9)</sup></b>

	(MBbl)	(MBbl)	(MBbl)	(MBbl)
High Estimate	430,586	5,411,625	183,950	2,211,652
Best Estimate	430,586	4,418,573	111,118	1,073,439
Low Estimate	430,586	3,607,750	-	-

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MBbl means thousands of barrels.

See the Advisories section at the end of this document for note references.

Paramount is excited to add an experienced leadership team that will be able to apply its skills and expertise to develop the significant oil sands land base the Company has accumulated, including a near-term development project and a range of future projects. The creation of Pixar will allow for the accelerated development of these high impact, capital intensive properties, on a self-funding basis, which will further unlock the value of these assets for the benefit of Paramount's shareholders.

## ADVISORIES

### Notes

1. **High Estimate** is considered to be an optimistic estimate of the quantity of resources that will actually be recovered. It is unlikely that the actual remaining quantities of resources recovered will meet or exceed the high estimate. Those resources at the high end of the estimate range have a lower degree of certainty (a 10 percent confidence level) that the actual quantities recovered will equal or exceed the estimate. **Best Estimate** is considered to be the best estimate of the quantity of resources that will actually be recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. Those resources that fall within the best estimate have a 50 percent confidence level that the actual quantities recovered will equal or exceed the estimate. **Low Estimate** is considered to be a conservative estimate of the quantity of resources that will actually be recovered. It is likely that the actual remaining quantities recovered will exceed the low estimate. Those resources at the low end of the estimate range have the highest degree of certainty (a 90 percent confidence level) that the actual quantities recovered will equal or exceed the estimate.
2. **Discovered Exploitable Bitumen In Place** is the estimated volume of bitumen, as of a given date, which is contained in a subsurface stratigraphic interval of a known accumulation that meets or exceeds certain reservoir characteristics, such as minimum continuous net pay, porosity and mass bitumen content. For the Hoole oil sands property, the presence of these characteristics is considered necessary for the commercial application of known recovery technologies. For the Saleski property and the Other Carbonate Leases, these volumes have been constrained to areas that have a minimum thickness of 10 meters of substantially clean, continuous predominantly bitumen-saturated carbonate with log porosity meeting a minimum of 10 percent and bitumen saturation greater than 50 percent, respectively and with both competent top and lateral reservoir containment. These carbonate bitumen resources are constrained to one mile in area around known data points that penetrate the zone and possess definitive geophysical log data. Discovered Exploitable Bitumen in Place for the Saleski property and the Other Carbonate Leases may be assigned outside of the one mile area if reservoir continuity between offsetting delineation is expected. The technology required to economically produce bitumen from carbonate formations is currently in the development stage and has not been proven on a commercial scale. There is no certainty that it will be commercially viable to produce any portion of the resources from the Hoole oil sands property, the Saleski property or the Other Carbonate Leases.
3. **Contingent Resources** are those quantities of bitumen estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but are classified as a resource rather than a reserve due to one or more contingencies, such as the absence of regulatory approvals, detailed design estimates or near term development plans. There is no certainty that it will be commercially viable to produce any portion of the contingent resources. For the Hoole oil sands property, contingencies which must be overcome to enable the reclassification of bitumen contingent resources as reserves include the finalization of plans for the initial development, a regulatory application submission with no major issues raised, access to capital markets and other sources of funding and management's intent to proceed evidenced by a development plan with major capital expenditures. **Economic Contingent Resources** are those contingent resources that are economically recoverable based on specific forecasts of commodity prices and costs (based on McDaniel's forecast prices and costs as of April 1, 2011).
4. Represents the Company's share of recoverable volumes before deduction of royalties. In the assessment of contingent resources, McDaniel used a minimum net pay cut-off of 10 meters in the best estimate case.
5. Initial production means the average daily production rate during the first year of production. Estimates of production rates assume that production will commence in 2015 and fully developed production will be reached in 2016 for the low estimate, 2017 for the best estimate and 2018 for the high estimate.

6. **NPV** means net present value and represents the Company's share of future net revenue, before the deduction of income tax from the Economic Contingent Resources in the Grand Rapids formation within the Hoole oil sands property. The calculation considers such items as revenues, royalties, operating costs, abandonment costs and capital expenditures. Royalties have been calculated based on Alberta's Royalty Framework applicable to oil sands projects in Alberta. The calculation does not consider financing costs and general and administrative costs. NPVs were calculated assuming natural gas is used as a fuel for steam generation. Revenues and expenditures were calculated based on McDaniel's forecast prices and costs as of April 1, 2011. The estimated net present values disclosed in this press release do not represent fair market value.
7. **Undiscovered Exploitable Bitumen In Place** is the volume of petroleum estimated, as of a given date, to be contained in accumulations yet to be discovered. These resources are mapped using known data points penetrating the zone and possess definitive geophysical log data along with seismic data and regional mapping. There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.
8. **Contingent Resources/Technology Under Development** are those quantities of bitumen estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but are classified as a resource rather than a reserve due to one or more contingencies, such as the absence of regulatory approvals, detailed design estimates or near term development plans. There is no certainty that it will be commercially viable to produce any portion of the contingent resources. For the Saleski property and the Other Carbonate Leases, because of the lack of demonstrated commercial SAGD production within carbonate reservoirs, the recoverable resources assigned are contingent upon successful application of SAGD to the subject reservoir or a reasonable analog. The successful implementation of SAGD technology in carbonate reservoirs is a significant contingency associated with these assignments that separate them from typical McMurray clastic SAGD contingent and prospective resources, where the technology has been proven effective. In addition to the technical contingency, additional contingencies applicable to the carbonate resources include being in the early evaluation stage, the economic viability of development and the absence of regulatory approvals. The economic status of these resources are undetermined.
9. **Prospective Resources** are those quantities of bitumen estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development. Prospective Resources have not been, and may never be, discovered.

#### 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", "expect", "plan", "intend", "propose", or similar words suggesting future outcomes or an outlook.

Forward looking information in this document includes, but is not limited to:

- the planned reorganization and the scope and timing thereof;
- estimated resources and the discounted net present value of future net revenues from such resources (including the forecast prices and costs and the timing of expected production volumes and future development capital);
- expected production volumes from Hoole and the timing thereof;
- exploration and development plans for oil sands leases and the timing thereof;
- the ability of Pixar to be self-funding;
- the scope and timing of regulatory applications; and
- business strategies and objectives;

Such forward-looking information is based on a number of assumptions which may prove to be incorrect. The following assumptions have been made, in addition to any other assumptions identified in this document:

- future crude oil, bitumen, natural gas and NGLs prices and general economic and business conditions;
- the ability to obtain required capital to finance exploration, development and operations;
- the ability to obtain equipment, services, supplies and personnel in a timely manner to carry out activities;
- the ability to market oil successfully to current and new customers;
- estimates of input and labour costs for an oil sands project;
- the ability to secure adequate product processing transportation and storage;
- the ability to obtain drilling success consistent with expectations;
- the timely receipt of required regulatory approvals;
- estimated timelines being met in respect of the development of the oil sands properties;
- access to capital markets and other sources of funding; and
- currency exchange and interest rates.

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 current 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. These risks and uncertainties include, but are not limited to:

- fluctuations in crude oil, bitumen, natural gas and NGLs prices, foreign currency exchange rates and interest rates;
- the uncertainty of estimates and projections relating to future revenue, future production, costs and expenses and the timing thereof;
- the ability to secure adequate product processing, transportation and storage;
- the uncertainty of exploration, development and drilling;
- operational risks in exploring for, developing and producing crude oil and natural gas, and the timing thereof;
- the ability to obtain equipment, services, supplies and personnel in a timely manner;
- potential disruption or unexpected technical difficulties in designing, developing or operating new or existing facilities;
- risks and uncertainties involving the geology of oil and gas deposits;
- the uncertainty of resource estimates;
- the ability to generate sufficient cash flow from operations and other sources of financing at an acceptable cost to meet current and future obligations, including costs of anticipated projects;
- changes to the status or interpretation of laws, regulations or policies;
- changes in environmental laws including emission reduction obligations;
- the receipt and timing of governmental or regulatory approvals;
- changes in general business and economic conditions;
- uncertainty regarding aboriginal land claims and co-existing with local populations;
- the effects of weather;
- the ability to fund exploration, development and operational activities and meet current and future obligations;
- the timing and cost of future abandonment and reclamation activities;
- cleanup costs or business interruptions due environmental damage and contamination;
- the ability to enter into or continue leases;
- existing and potential lawsuits and regulatory actions; and
- other risks and uncertainties described elsewhere in this document and in Paramount's other filings with Canadian securities authorities, including its Annual Information Form.

The foregoing list of risks is not exhaustive. Additional information concerning these and other factors which could impact Paramount are included in Paramount's most recent 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.

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