Paramount Resources Ltd.

Paramount Resources Ltd. Provides Production & Operations Update and Announces Non-Core Asset Dispositions

CALGARY, AB, Feb. 8, 2021 /CNW/ - Paramount Resources Ltd. ("Paramount" or the "Company") (TSX: POU) is pleased to report that fourth quarter 2020 sales volumes averaged approximately 73,000 Boe/d (42 percent liquids), ahead of guidance of 70,000 Boe/d to 72,000 Boe/d. December 2020 sales volumes averaged approximately 78,000 Boe/d (43 percent liquids).

At Karr, fourth quarter sales volumes benefitted from the addition of five new wells (three Upper Montney and two Middle Montney) at the 5-16 West pad, which were brought onstream through permanent facilities in November. Lease construction, drilling and completion costs for this pad averaged approximately $6.8 million per well, $0.4 million lower than prior estimates. All-in lease construction, drilling, completion, equip and tie-in (collectively, "DCET") costs averaged approximately $7.6 million per well, below Paramount's type well DCET assumption for Karr of $8.4 million. Sales volumes averaged approximately 27,000 Boe/d (56 percent liquids) at Karr during the fourth quarter of 2020 and approximately 28,750 Boe/d (57 percent liquids) in December. Excellent progress has been made on the most recent six-well (all Middle Montney) Karr 3-10 pad. Preliminary DCET costs are coming in below type well cost and first production is now anticipated in February 2021, two months ahead of schedule**.**

At Wapiti, fourth quarter sales volumes benefitted from the addition of five new wells (two Middle Montney and three Lower Montney) at the 5-3 West pad, which were all brought onstream through permanent facilities by December. Lease construction, drilling and completion costs for this pad averaged approximately $7.2 million per well, $0.1 million lower than prior estimates. All-in DCET costs averaged approximately $7.6 million per well, below Paramount's type well DCET assumption for Wapiti of $7.9 million per well. Sales volumes averaged approximately 10,750 Boe/d (64 percent liquids) at Wapiti during the fourth quarter of 2020 and approximately 13,500 Boe/d (62 percent liquids) in December.

Paramount has had a very active start to 2021 with three rigs running in the Grande Prairie region. Complete fourth quarter and year-end 2020 results will be provided before market open on March 3, 2021, including further details on the Company's previously announced 2021 capital plans.

Paramount is also pleased to announce $80 million of non-core asset dispositions pursuant to three transactions, two of which have recently closed and with the third expected to close in February. The estimated impact to 2021 working interest production is approximately 2,600 Boe/d (95 percent natural gas). Combined, 2020 netbacks from these properties totaled approximately $10 million. The proceeds from the dispositions will be used to reduce amounts drawn on the Company's $1.0 billion senior secured revolving credit facility. Pro forma the dispositions and the $35 million senior unsecured convertible debenture financing completed in January, credit facility drawings were approximately $700 million as at December 31, 2020.

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 reserves and resources, 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. More particularly, this press release contains forward-looking information respecting the anticipated timing of first production from the Karr 3-10 pad and the anticipated closing of the third non-core asset disposition and the timing thereof. Such forward-looking information is based on a number of assumptions which may prove to be incorrect. In the case of the anticipated timing of first production from the Karr 3-10 pad, such forward-looking information is based on anticipated timelines being met in respect of the drilling, completing, equipping and tie-in of the pad and on the availability of third party processing and transportation capacity. In the case of the anticipated closing of the third non-core asset disposition and the timing thereof, such forward-looking information is based on customary closing conditions being met and the completion of the transaction without unanticipated delays. 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. In the case of the anticipated timing of first production from the Karr 3-10 pad, these material risks and uncertainties include, but are not limited to, unexpected delays or disruptions to drilling, completion, equipping and tie-in activities and unexpected interruptions to the availability of third party processing and transportation facilities. In the case of the anticipated closing of the third non-core asset disposition and the timing thereof, these risks and uncertainties include, but are not limited to, an unexpected failure to satisfy closing conditions or an unexpected delay in closing. For more information relating to risks, see the sections titled "*Risk Factors*" in Paramount's annual information form for the year ended December 31, 2019, 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.

Non-GAAP Measure

In this press release, "Netback" means petroleum and natural gas sales less royalties, operating expense 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. "Netback" does not have any standardized meanings as prescribed by International Financial Reporting Standards and is therefore considered a Non-GAAP measure. 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. Non-GAAP measures are unlikely to be comparable to similar measures presented by other issuers.

Oil and Gas Measures and Definitions

The term "liquids" includes oil, condensate and other natural gas liquids (ethane, propane and butane).

This press release contains disclosures expressed as "Boe" and "Boe/d". "Boe" means barrels of oil equivalent and Boe/d means barrels of oil equivalent per day. 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 year ended December 31, 2020, the value ratio between crude oil and natural gas was approximately 21:1. 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.

SOURCE Paramount Resources Ltd.

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