

Paramount Resources Ltd. Announces Second Quarter 2015 Results; Sales Volumes Increase 107% to 42,604 Boe/d; Liquids Sales Volumes Increase 320% to 16,877 Bbl/d

CALGARY, ALBERTA - Aug. 6, 2015 /CNW/ - Paramount Resources Ltd. (TSX:POU)

OIL AND GAS OPERATIONS

- Second quarter 2015 sales volumes were 42,604 Boe/d, 107 percent higher than the second quarter of 2014, despite transportation curtailments and processing facility outages in May and June.
- Sales volumes averaged approximately 50,000 Boe/d in July 2015 as production increased following the easing of downstream disruptions.
- Second quarter 2015 liquids sales volumes totaled 16,877 Bbl/d, 320 percent higher than the same period in 2014, including 7,595 Bbl/d of condensate and oil.
- Liquids sales comprised 59 percent of total revenue and 40 percent of total sales volumes in the second quarter of 2015.
- Operating expense per Boe was \$5.81 in the second quarter of 2015, a 29 percent improvement from the second quarter of 2014.
- Netbacks in the second quarter of 2015 were \$54.3 million compared to \$53.8 million in the same period in 2014, as the growth in sales volumes and the reduction in per-unit operating costs were offset by significantly lower natural gas and liquids prices.

CORPORATE

- In June 2015, Paramount issued US\$450 million principal amount of senior unsecured notes due 2023 and redeemed its \$370 million senior unsecured notes due 2017, yielding net proceeds of \$170 million.
- Also in June 2015, the Company's bank credit facility (the "Facility") was increased by \$100 million to \$1.0 billion following a scheduled mid-year review. As of July 31, 2015, the Company had \$39.8 million in cash and \$627.0 million of borrowings outstanding under the Facility.
- In May 2015, Moody's Investors Services upgraded Paramount's Corporate Family Rating to "B1", stable outlook based on projected increases in production, particularly higher condensate and Other NGLs volumes. Standard and Poor's Ratings Services affirmed Paramount's corporate credit rating of "B", positive outlook.
- 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 second half 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

Paramount's ability to increase sales volumes following the start-up of the condensate stabilizer expansion in May 2015 was impacted by natural gas transportation curtailments, a downstream NGLs fractionation facility turnaround and operational maintenance at the Musreau Deep Cut Facility. With downstream capacity constraints easing in July, the Company has increased throughput at the Musreau Deep Cut Facility and begun to bring additional liquids-rich Montney wells on production.

Paramount's Kaybob area production volumes are anticipated to be impacted by scheduled maintenance outages in the second half of 2015, including a third-party NGLs pipeline outage the Company recently became aware of. Sales volumes for the remainder of the year are expected to average approximately 56,000 Boe/d, with liquids comprising approximately 45 percent of total volumes.

The Company's 2015 capital budget remains at \$400 million, of which \$319.0 million was incurred in the first half of the year. Activities for the remainder of the year will be focused on completing, equipping and producing previously drilled wells.

FINANCIAL AND OPERATING HIGHLIGHTS ⁽¹⁾

(\$ millions, except as noted)

Three months ended June 30			Six months ended June 30		
2015	2014	% Change	2015	2014	% Change

Sales volumes						
Natural gas (MMcf/d)	154.4	99.4	55	151.5	102.0	49
Condensate and oil (Bbl/d)	7,595	3,212	136	7,092	2,950	140
Other NGLs (Bbl/d) ⁽²⁾	9,282	810	1,046	8,131	851	855
Total (Boe/d)	42,604	20,585	107	40,472	20,805	95
<i>% Liquids</i>	40%	20%		38%	18%	
Petroleum and natural gas sales	94.6	80.0	18	174.8	166.2	5
Average realized price (\$/Boe)	24.40	42.72	(43)	23.86	44.15	(46)
Operating expense per Boe (\$/Boe)	5.81	8.21	(29)	5.59	8.92	(37)
Netback	54.3	53.8	1	99.4	109.4	(9)
<i>\$/Boe</i>	14.00	28.71		13.56	29.06	
Funds flow from operations	19.6	29.5	(34)	35.3	63.0	(44)
<i>per share - diluted (\$/share)</i>	0.19	0.30		0.34	0.64	
Net Income (loss)	(60.2)	53.1	(213)	(130.5)	44.2	(395)
<i>per share - diluted (\$/share)</i>	(0.57)	0.53		(1.24)	0.45	
Principal Properties Capital ⁽³⁾	88.1	197.9	(55)	276.3	366.6	(25)
Cash proceeds from divestitures ⁽⁴⁾	-	94.0	(100)	5.5	97.9	(94)
Investments in other entities - market value ⁽⁵⁾				227.3	757.4	(70)
Total assets				3,522.4	2,870.0	23
Net Debt				1,746.2	1,356.2	29
Common shares outstanding				106,212	99,047	7
(thousands)						

- (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) Excludes shares of other companies and/or properties received in consideration for properties sold.
- (5) Based on the period-end closing prices of publicly-traded investments and the book value of the remaining investments.

ADDITIONAL INFORMATION

About Paramount

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 second quarter 2015 report, including Management's Discussion and Analysis and the Company's Consolidated Financial Statements, can be obtained at: [download/2015+Aug+6.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;
- 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", "Investments in other entities - market value" and "Cash proceeds from divestitures", 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. Cash Proceeds From Divestitures represents cash proceeds received by the Company on dispositions of oil and gas properties and excludes any non-cash consideration received. This measure is equivalent to Proceeds on Sale of Property, Plant and Equipment in the Company's Consolidated Statement of Cashflows.

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 six months ended June 30, 2015, the value ratio between crude oil and natural gas was approximately 23:1. 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 and natural gas liquids ("NGLs") volumes. NGLs consist of condensate and Other NGLs. The term "Other NGLs" means ethane, propane and butane.

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<https://stage.mediaroom.com/paramount/news-releases?item=122493>