Paramount Resources Ltd.

Paramount Announces Third Quarter 2014 Results and Record October 2014 Sales Volumes

CALGARY, ALBERTA - Nov. 5, 2014 /CNW/ - Paramount Resources Ltd. (TSX:POU**)**

THIRD QUARTER OVERVIEW

Oil and Gas Operations

- Paramount's sales volumes reached approximately 40,000 Boe/d in early-October 2014, the highest level since the 2005 Trilogy Energy spin-out, including approximately 30,000 Boe/d in the Kaybob COU and 9,000 Boe/d in the Grande Prairie COU.

- The Company's October 2014 average monthly sales volumes were approximately 34,000 Boe/d, 65 percent higher than average second quarter 2014 volumes. Short-term constraints in downstream third-party liquids processing capacity are temporarily impacting the ramp-up of Kaybob area production.

- The Grande Prairie COU's 40 MMcf/d dehydration and compression facility at Karr-Gold Creek is being operated near capacity, as constraints that impacted production for most of the year were alleviated in late-September with the completion of third-party pipeline expansions.

- Third quarter sales volumes averaged 21,936 Boe/d, with sales volumes of approximately 27,000 Boe/d in September.
- Liquids sales volumes increased to 6,333 Bbl/d in the third quarter, 57 percent higher than the second quarter of 2014, primarily due to incremental liquids-rich Montney production. Approximately 30 percent of third quarter sales volumes and over 50 percent of petroleum and natural gas revenues were from liquids.

- Funds flow from operations increased 23 percent to $36.4 million in the third quarter compared to $29.5 million in the previous quarter.

- Kaybob's first 10-well Montney pad was fracked in the third quarter, with aggregate test rates of 108 MMcf/d of natural gas (10.8 MMcf/d per well) plus liquids for the ten wells. Surface equipment is currently being installed and the wells are scheduled to be brought-on production before the end of the first half of 2015.

- Paramount has fracked and flowed-back its first two horizontal Duvernay wells in the Willesden Green area of Alberta. The first well is scheduled to be brought-on production by the end of the year and the second well in early-2015.

Strategic Investments

- Fox Drilling has placed orders for key equipment for its two new triple-sized walking rigs. The rigs are expected to enter service in the second half of 2015.

- Shale gas exploration activities in northeast British Columbia are expected to resume towards the end of the year. The Company plans to finish drilling the Dunedin d-71-G well and then move to La Biche in 2015 to drill a well to preserve mineral rights.

Corporate

- Paramount is currently working with its lenders on the annual renewal and possible increase of its $700 million bank credit facility.

- The Company raised aggregate gross proceeds of $350 million in July 2014 through the issuance of 4.6 million Common Shares and 1.0 million Flow-Through Common Shares.

OUTLOOK

Sales volumes are expected to reach up to 50,000 Boe/d later in 2014, depending on the availability of sufficient downstream de-ethanization capacity. In 2015, sales volumes are expected to surpass 70,000 Boe/d following the completion of additional components of the Company's Kaybob area infrastructure and third-party de-ethanization capacity expansions.

Paramount's total 2014 exploration and development and Strategic Investments budget has been increased by $100 million to approximately $900 million, excluding land acquisitions and capitalized interest. The Company is accelerating the completion of the 8-22 10-well Montney pad in Kaybob and will be utilizing up to 10 drilling rigs in the Deep Basin in the upcoming 2014 / 2015 winter drilling season, focusing on Montney formation wells.

FINANCIAL AND OPERATING HIGHLIGHTS [1]

($ millions, except as noted)

	Third Quarter 2014	Second Quarter 2014	% Change	**Third Quarter 2014**	Third Quarter 2013	% Change
FINANCIAL						
Petroleum and natural gas sales	**84.4**	80.0	6	**84.4**	53.9	57
Funds flow from operations	**36.4**	29.5	23	**36.4**	13.4	172
Per share - diluted ($/share)	***0.35***	*0.30*		***0.35***	*0.14*	
Net income (loss)	**(9.4)**	53.1	(118)	**(9.4)**	(37.6)	75
Per share - diluted ($/share)	***(0.09)***	*0.53*		***(0.09)***	*(0.39)*	
Exploration and development expenditures	**227.1**	202.6	12	**227.1**	209.8	8
Investments in other entities - market value [2]	**667.1**	757.4	(12)	**667.1**	749.8	(11)
Total assets	**3,090.9**	2,870.0	8	**3,090.9**	2,282.4	35
Net debt	**1,256.7**	1,356.2	(7)	**1,256.7**	1,009.3	25
Common shares outstanding (thousands)	**104,614**	99,047	6	**104,614**	95,351	10
OPERATING						
Sales volumes						
Natural gas (MMcf/d)	**93.6**	99.4	(6)	**93.6**	100.9	(7)
Condensate and oil (Bbl/d)	**4,690**	3,212	46	**4,690**	2,231	110
Other NGLs (Bbl/d) [3]	**1,643**	810	103	**1,643**	960	71
Total (Boe/d)	**21,936**	20,585	7	**21,936**	20,022	10
Average realized price						
Natural gas ($/Mcf)	**4.43**	4.96	(11)	**4.43**	3.10	43
Condensate and oil ($/Bbl)	**92.66**	106.38	(13)	**92.66**	102.96	(10)
Other NGLs ($/Bbl) [3]	**32.87**	43.78	(25)	**32.87**	36.95	(11)
Total ($/Boe)	**41.80**	42.72	(2)	**41.80**	29.27	43
Operating expense ($/Boe)	**8.32**	8.82	(6)	**8.32**	9.21	(10)
Netback ($/Boe)	**27.20**	28.71	(5)	**27.20**	15.20	79
Net wells drilled	**17**	22		**17**	16	

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

(3) Other NGLs means ethane, propane and butane.

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 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".

Paramount's third quarter 2014 report, including Management's Discussion and Analysis and the Company's unaudited Interim Condensed Consolidated Financial Statements can be obtained at: download/2014+Nov+5.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 and the growth and timing thereof;
- forecast capital expenditures;
- exploration, development, and associated operational plans and strategies and the anticipated timing of such activities;
- projected timelines for, and the anticipated costs of, constructing, commissioning and/or starting-up new and expanded natural gas processing and associated facilities;
- projected timelines for constructing new drilling rigs;
- the projected availability of third party processing, transportation, fractionation, de-ethanization and other capacity;
- the renewal of Paramount's bank credit facility and the possible increase in size of the facility; 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 oil, bitumen, natural gas, condensate, Other 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, condensate and Other 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, 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 oil, bitumen, natural gas, condensate, Other 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, 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, fractionation, de-ethanization and storage capacity on acceptable terms;
- operational risks in exploring for, developing and producing, oil, bitumen, natural gas, condensate and Other NGLs;
- 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", "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 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., 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. The term "liquids" is used to represent oil and natural gas liquids ("NGLs") volumes. The term "Other NGLs" means ethane, propane and butane.

During the nine months ended September 30, 2014, the value ratio between crude oil and natural gas was approximately 19:1. 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.

TEST RATES

Test rates for the wells fracked on the Company's 10-well Montney pad averaged 10.8 MMcf/d of natural gas per well, and are the average of production test rates over the final period of post clean-up flow-back at the largest choke setting, with durations of between 5 and 53 hours. Flow-back casing pressures for the tests ranged between approximately 2,200 psi and 3,000 psi. All wells were stimulated using frack oil and substantially all fluids recovered during the test periods were load fluids. As a result, fluid volumes recovered during the tests have not been disclosed. Pressure transient analyses and well-test interpretations have not been carried out for these wells and as such, data should be considered to be preliminary until such analysis or interpretation has been done. Test results are not necessarily indicative of long-term performance or of ultimate recovery.

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