Paramount Resources Ltd.

Paramount Resources Ltd. (TSX:POU) ("Paramount" or the "Company") Announces Its Third Quarter 2012 Results: Behind Pipe Natural Gas Inventory Exceeds 200 MMcf/d (150 MMcf/d Net)

CALGARY, ALBERTA - Nov. 6, 2012 /CNW/ - Paramount Resources Ltd. (TSX:POU)

OPERATIONAL UPDATE

Oil and Gas Operations

- Sales volumes in the third quarter were impacted by scheduled and unscheduled third party downstream NGLs processing disruptions, which shut-in up to 6,000 Boe/d of Paramount's production. The Company was able to partially restore sales volumes to approximately 20,000 Boe/d by the end of October after the affected third party NGLs facility resumed service. Paramount's production continues to be impacted by the availability of downstream NGLs fractionation capacity as third party operators prorate available NGLs processing capacity.

- Operating expenses decreased to $8.50 per Boe in the third quarter of 2012 from $9.88 per Boe in 2011 due to the cost savings from the Company's 45 MMcf/d Musreau refrigeration facility (the "Musreau Refrig Facility") and the sale of higher cost US properties.

- Paramount received regulatory approval in July 2012 for the 200 MMcf/d Musreau deep cut facility. Site preparation work commenced in the third quarter of 2012, construction work is continuing to progress, and equipment deliveries are expected to begin before the end of the year.

- Advance drilling for the deep cut facility expansions at Musreau and Smoky continued. The Company currently has an inventory of 31 (24 net) wells with estimated first month deliverability exceeding 200 MMcf/d (150 MMcf/d net) of raw gas.

- Paramount has completed drilling and fracture stimulation operations at its first five-well pad at Musreau, where three (2.5 net) Montney formation wells and two (1.5 net) Falher formation wells were drilled and completed for an aggregate gross cost of approximately $37 million. Average gross raw gas test rates for the five wells aggregated to approximately 55 MMcf/d over the final 24 hours of their test periods, with flowing pressures averaging 2,500 PSI.

Strategic Investments

- The Company has commenced drilling its second exploratory vertical evaluation well on its Liard Basin Besa River shale gas lands.

- Construction of Paramount's two new walking drilling rigs is nearing completion with the first rig scheduled to commence drilling for the Kaybob COU in December and the second expected to commence drilling in January 2013.

Corporate

- Paramount raised an aggregate $125.1 million through the issuance of a total of 4.2 million flow-through Common Shares in late-September and early-October.

- Paramount is continuing to work on a proposal from one of its lenders for an expansion of the Company's bank credit facility and, as a result, the revolving period and maturity date of the existing $300 million bank credit facility (the "Existing Facility") have been extended to November 15, 2012 and November 15, 2013, respectively. Paramount expects that the revolving period and maturity date of the Existing Facility would be further extended if such facility is not expanded before November 15, 2012.

- A $6.2 million settlement was received in the third quarter in respect of a business interruption insurance claim related to an electrical equipment failure at the Musreau Refrig Facility in the fourth quarter of 2011.

Financial and Operating Highlights[1,2]

($ millions, except as noted)	**Three months ended September 30**			**Nine months ended September 30**		
	2012	2011	% Change	**2012**	2011	% Change
Financial						
Petroleum and natural gas sales	**41.3**	70.5	(41)	**142.5**	178.4	(20)
Funds flow from operations	**15.5**	32.8	(53)	**40.4**	70.2	(42)
Per share - diluted ($/share)	**0.18**	0.42	(57)	**0.46**	0.91	(49)
Net income (loss)	**(34.6)**	(22.4)	(54)	**89.9**	(22.1)	507
Per share - basic ($/share)	**(0.40)**	(0.28)	(43)	**1.05**	(0.29)	462
Per share - diluted ($/share)	**(0.40)**	(0.28)	(43)	**1.03**	(0.29)	455
Exploration and development expenditures	**147.7**	107.0	38	**356.3**	321.7	11
Investments in other entities - market value[3]				**656.6**	812.3	(19)
Total assets				**1,903.0**	1,737.9	9
Net debt[4]				**569.1**	589.6	(3)
Common shares outstanding (thousands)				**87,489**	79,002	11
Operating						
Sales volumes						
Natural gas (MMcf/d)	**95.3**	97.8	(3)	**96.7**	78.2	24
NGLs (Bbl/d)	**1,755**	2,062	(15)	**1,793**	1,515	18
Oil (Bbl/d)	**1,081**	2,344	(54)	**1,756**	2,269	(23)
Total (Boe/d)	**18,712**	20,707	(10)	**19,663**	16,820	17
Average realized price						
Natural gas ($/Mcf)	**2.58**	4.12	(37)	**2.46**	4.20	(41)
NGLs ($/Bbl)	**60.65**	80.82	(25)	**69.42**	80.09	(13)
Oil ($/Bbl)	**81.28**	79.42	2	**83.96**	84.81	(1)
Total ($/Boe)	**24.00**	37.03	(35)	**26.46**	38.85	(32)
Net wells drilled (excluding oil sands evaluation)	**9**	15	(40)	**28**	35	(20)
Net oil sands evaluation wells drilled	**-**	-	-	**1**	27	(96)

(1) Readers are referred to the advisories concerning non-GAAP measures and oil and gas definitions in the "Advisories" section of this document.

(2) Amounts include the results of discontinued operations. Refer to pages 6 and 7 of Paramount's Management's Discussion and Analysis for the three and nine months ended September 30, 2012.

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

(4) Net debt is a non-GAAP measure, it is calculated and defined in the Liquidity and Capital Resources section of Paramount's Management's Discussion and Analysis for the three and nine months ended September 30, 2012.

REVIEW OF OPERATIONS

	Third Quarter 2012	Second Quarter 2012[1]	*% Change*
Sales volumes			
Natural gas (MMcf/d)	**95.3**	106.2	*(10)*
NGLs (Bbl/d)	**1,755**	1,973	*(11)*

Oil (Bbl/d)	**1,081**		1,808		*(40)*
Total (Boe/d)	**18,712**		21,474		*(13)*

Netbacks ($ millions)		***($/Boe)(2)***		*($/Boe)(2)*	*% Change in $/Boe*
Natural gas revenue	**22.6**	***2.58***	20.3	*2.09*	*23*
NGLs revenue	**9.8**	***60.65***	12.5	*69.63*	*(13)*
Oil revenue	**8.1**	***81.28***	12.8	*78.65*	*3*
Royalty and sulphur revenue	**0.8**	***-***	0.9	*-*	*-*
Petroleum and natural gas sales	**41.3**	***24.00***	46.5	*23.82*	*1*
Royalties	**(2.8)**	***(1.62)***	(3.9)	*(2.00)*	*(19)*
Operating expense and production tax	**(14.6)**	***(8.50)***	(15.9)	*(8.20)*	*4*
Transportation	**(4.9)**	***(2.85)***	(5.7)	*(2.90)*	*(2)*
Netback	**19.0**	***11.03***	21.0	*10.72*	*3*
Financial commodity contract settlements	**0.2**	***0.10***	0.4	*0.23*	*(57)*
Netback including financial commodity contract settlements	**19.2**	***11.13***	21.4	*10.95*	*2*

(1) Amounts include the results of discontinued operations. Refer to pages 6 and 7 of Paramount's Management's Discussion and Analysis for the three and nine months ended September 30, 2012.

(2) Natural gas revenue shown per Mcf.

During the third quarter Paramount continued to add production as new wells were brought-on in the Grande Prairie COU and liquids handling processes at the Musreau Refrig Facility were optimized. Natural gas and NGLs sales volumes decreased compared to the second quarter because of scheduled and unscheduled third party downstream NGLs processing disruptions (the "NGLs Disruption"). The NGLs Disruption required Paramount to restrict NGLs recovery rates and curtail production in the Kaybob and Grande Prairie COUs. As a result, the Company's sales volumes were reduced by up to 6,000 Boe/d between mid-August and mid-October.

By the end of October, the Company was able to partially restore sales volumes to approximately 20,000 Boe/d after the affected third party NGLs facility resumed service. Paramount's production continues to be impacted by the availability of downstream NGLs fractionation capacity as third party operators prorate available NGLs processing capacity.

Petroleum and natural gas sales revenue decreased by $5.2 million quarter over quarter primarily due to lower sales volumes and lower realized NGLs prices, partially offset by higher realized natural gas and oil prices. Operating costs per Boe increased four percent compared to the second quarter, primarily due to third quarter scheduled maintenance work and the impact of lower sales volumes over the fixed portion of operating expenses.

Kaybob

	Third Quarter 2012		Second Quarter 2012		*% Change*
Sales Volumes					
Natural gas (MMcf/d)	**56.0**		66.3		*(16)*
NGLs (Bbl/d)	**843**		1,132		*(26)*
Oil (Bbl/d)	**55**		61		*(10)*
Total (Boe/d)	**10,225**		12,236		*(16)*
Exploration and Development Expenditures ($ millions)					
Exploration, drilling, completions and tie-ins	**70.8**		16.9		*319*
Facilities and gathering	**37.7**		23.0		*64*
	108.5		39.9		*172*
	Gross	**Net**	Gross	Net	
Wells Drilled	**7**	**5.7**	7	4.7	

Sales volumes in the Kaybob COU averaged approximately 11,500 Boe/d through July and August. As a result of the NGLs Disruption, production across the Kaybob COU was curtailed to less than 6,500 Boe/d by the middle of September, including temporarily reducing throughput at the Musreau Refrig Facility to 10 MMcf/d. Following the resolution of the NGLs Disruption in mid-October, Kaybob COU sales volumes have once again increased to over 11,000 Boe/d.

The Kaybob COU's third quarter operating costs were approximately $5.00 per Boe, before accounting for the impact of third party processing income. The Musreau Refrig Facility provides significant savings to the Company through the elimination of third party processing fees. In the third quarter, Paramount received a $6.2 million settlement in respect of a business interruption insurance claim related to an electrical equipment failure at the Musreau Refrig Facility in the fourth quarter of 2011.

Paramount has completed drilling and fracture stimulation operations at its first five-well pad at Musreau, where three (2.5 net) Montney formation wells and two (1.5 net) Falher formation wells were drilled and completed for an aggregate gross cost of approximately $37 million. Average gross raw gas test rates for the five wells aggregated to approximately 55 MMcf/d over the final 24 hours of their test periods, with flowing pressures averaging 2,500 PSI. The efficiencies gained from concentrating activities at a single pad location have reduced per well capital costs and will result in lower operating expenses. The Company plans to continue to utilize multi-well pad sites to realize these cost savings.

Construction activities have commenced at the 200 MMcf/d deep cut facility at Musreau (the "Musreau Deep Cut Facility"). Foundation work is underway and equipment deliveries are scheduled to commence by the end of the year. The Company has incurred approximately $70 million of costs related to the Musreau Deep Cut Facility to September 30, 2012 and anticipates spending an additional $50 million during the remainder of 2012. The facility is expected to be commissioned in the second half of 2013 at an estimated total cost of approximately $180 million.

Paramount has initiated a project to construct an amine processing train at the Musreau Deep Cut Facility, which will provide the capability to treat sour gas production at the plant instead of at well sites. This enhancement is expected to reduce ongoing operating costs and decrease equipping costs by over $1 million per well. The Company is currently finalizing the design of the amine train, which is expected to cost approximately $50 million, and the procurement of long lead-time components has commenced for a planned start-up in the first half of 2014. The addition of the amine train will not delay commissioning of the Musreau Deep Cut Facility.

Paramount is also participating in the expansion of a non-operated processing facility at Smoky (the "Smoky Deep Cut Facility"), which is being upgraded to operate as a deep cut liquids extraction plant. The Company will have a 20 percent interest in the expanded facility, up from its 10 percent share of the existing 100 MMcf/d dew point facility. The Smoky Deep Cut Facility will initially have 200 MMcf/d of raw gas capacity upon start-up, increasing to 300 MMcf/d through the later installation of an incremental 100 MMcf/d of compression. As a plant owner, Paramount has the option at any time to request the installation of the additional compression, which would bring the Company's total owned capacity in the plant to 60 MMcf/d. Construction work commenced at the site in the third quarter with the installation of pilings and foundations and major equipment is being manufactured. The expansion is scheduled to be commissioned in the first half of 2014.

Paramount has entered into a long-term firm-service agreement with a midstream company to de-ethanize and fractionate Kaybob area NGLs volumes. The midstream company has undertaken to expand its facilities to process Paramount's NGLs streams, which will secure NGLs processing for the volumes that will be produced from the Kaybob area deep cut facilities. Paramount has also entered into an agreement in principle with a petro-chemical producer on long-term arrangements for the sale of the Company's ethane production and is negotiating long-term arrangements for the transportation of its Kaybob area natural gas and NGLs volumes.

During the third quarter, the Kaybob COU drilled five (3.7 net) horizontal Falher formation wells, one (1.0 net) horizontal Montney well and one (1.0 net) horizontal Wilrich well. Twelve (9.3 net) wells were fracture stimulated including one (1.0 net) Montney formation well. Test results have been consistent with expectations, further confirming the Company's well performance profiles.

Paramount's experience over the past few years in the Deep Basin has enabled the Company to refine its development programs and reduce the cost of new wells by improving drilling techniques, using more cost effective fracture stimulations and improving logistics with multi-well pad sites. Drilling days for the latest four Falher wells have been reduced to less than 25 days compared to 45 or more days for wells drilled in 2010. The latest two Montney wells were drilled in 45 and 41 days compared to an average of over 80 days for three similar wells drilled in 2011. Paramount has also been able to negotiate lower rates for services, equipment and completion fluids.

The following table summarizes the current status of Kaybob Deep Basin wells that have been drilled and are awaiting production, the estimated remaining capital required to complete these wells, and their anticipated production and sales volumes:

	Wells		Total Remaining Capital (net)	Estimated Net Raw Gas Production(1)		Estimated Net Sales Volumes(2)	
				First Month	First Year	First Month	First Year
	Gross	Net	($ millions)	(MMcf/d)	(MMcf/d)	(Boe/d)	(Boe/d)
Shut-in due to capacity contraints	4	4	1	13	6	4,100	2,100
Tied-in, capable of producing	6	3	-	20	9	5,500	2,500
Completed, awaiting tie-in	12	10	11	66	32	20,000	10,000
Drilled, awaiting completion	9	7	29	52	22	14,100	6,100
	31	24	41	151	69	43,700	20,700

(1) Based on the Company's 4.9 Bcf type curve for Falher wells and 3.7 Bcf type curve for Montney wells.

(2) Based on processing through a deep cut facility.

The Company plans to drill up to an additional six wells for the remainder of 2012, with more wells to be drilled in 2013 to continue building behind pipe production in advance of completing the plant expansions at Musreau and Smoky.

Grande Prairie

	Third Quarter 2012		Second Quarter 2012		*% Change*
Sales Volumes					
Natural gas (MMcf/d)	**21.6**		21.5		-
NGLs (Bbl/d)	**733**		658		*11*
Oil (Bbl/d)	**251**		269		*(7)*
Total (Boe/d)	**4,587**		4,514		*2*
Exploration and Development Expenditures ($ millions)					
Exploration, drilling, completions and tie-ins	**15.1**		12.3		*23*
Facilities and gathering	**9.9**		6.5		*52*
	25.0		18.8		*33*
	Gross	**Net**	Gross	Net	
Wells Drilled	**-**	**-**	3	2.1	

Average sales volumes in the Grande Prairie COU exceeded 6,000 Boe/d for two weeks in August as wells completed in the first half of the year were brought-on at Valhalla and Karr-Gold Creek. As a result of the NGLs Disruption, production at Valhalla that had been processed through a third party deep cut facility was diverted to a dew point facility in order to reduce the volume of NGLs extracted from the gas stream during processing. Paramount is limited to 10 MMcf/d of capacity at the dew point facility, which has resulted in approximately 8 MMcf/d of natural gas production being shut-in at Valhalla. The Company is maintaining sales volumes in the Grande Prairie COU between 4,000 and 4,500 Boe/d due to ongoing NGLs capacity limitations. Production will be increased as additional NGLs processing capacity becomes available.

Southern

	Third Quarter 2012	Second Quarter(1) 2012	*% Change*
Sales Volumes			
Natural gas (MMcf/d)	**9.2**	9.8	*(6)*
NGLs (Bbl/d)	**148**	169	*(12)*
Oil (Bbl/d)	**594**	1,250	*(52)*

Total (Boe/d)	**2,270**		3,059		*(26)*
Exploration and Development Expenditures ($ millions)					
Exploration, drilling, completions and tie-ins	**6.4**		1.9		*237*
Facilities and gathering	**0.3**		0.7		*(57)*
	6.7		2.6		*158*
	Gross	**Net**	Gross	Net	
Wells Drilled	**2**	**2.0**	-	-	

(1) Amounts include the results of discontinued operations. Refer to pages 6 and 7 of Paramount's Management's Discussion and Analysis for the three and nine months ended September 30, 2012.

Third quarter sales volumes in the Southern COU decreased mainly because of the May 2012 United States property disposition. Production volumes were also impacted by a compression equipment failure at Chain and a turnaround at a third party downstream facility in Ricinus - Harmattan.

In the third quarter the Southern COU drilled two (2.0 net) liquids-rich natural gas wells in Harmattan.

Northern

	Third Quarter 2012		Second Quarter 2012		*% Change*
Sales Volumes					
Natural gas (MMcf/d)	**8.5**		8.6		*(1)*
NGLs (Bbl/d)	**31**		14		*121*
Oil (Bbl/d)	**181**		228		*(21)*
Total (Boe/d)	**1,630**		1,665		*(2)*
Exploration and Development Expenditures ($ millions)					
Exploration, drilling, completions and tie-ins	**2.0**		0.6		*233*
Facilities and gathering	**1.6**		1.9		*(16)*
	3.6		2.5		*44*
	Gross	**Net**	Gross	Net	
Wells Drilled	**1**	**1.0**	-	-	

Third quarter sales volumes in the Northern COU were impacted by a forest fire near the Company's processing facility at Bistcho which shut-in approximately 1,250 Boe/d of production for 15 days in July.

In Northeast British Columbia, modifications are being completed to surface facilities for the Company's initial well at Birch to be re-started later in November. Three Birch wells drilled to date have targeted the upper Montney formation. In the third quarter, Paramount drilled a vertical evaluation well into the lower Montney formation at Birch. The well will be completed and, depending on test results, the Company will have the option of drilling and completing a horizontal leg in the lower or upper Montney formation.

STRATEGIC INVESTMENTS

In November 2012, Cavalier Energy Inc. ("Cavalier Energy") plans to submit a regulatory application for the first phase of development at the Hoole property, a 10,000 Bbl/d project targeting the Grand Rapids formation using proven SAGD technologies. Cavalier Energy believes that first steam could commence as early as the second half of 2015. Longer-term plans for Hoole include three additional 30,000 Bbl/d phases that would increase production to 100,000 Bbl/d by 2024.

SHALE GAS

Paramount's Besa River shale gas holdings are focused in the Liard Basin in Northeast British Columbia and the Northwest Territories. The Company began drilling its second Liard Basin shale gas evaluation well at Patry in October. The well is expected to be drilled to a vertical depth of 3,500 meters and will be cored and logged for evaluation. In early 2013 Paramount plans to finish drilling its initial shale gas evaluation well at Dunedin after drilling was suspended in the spring of 2012 due to warm weather. Paramount's exploratory drilling activities are expected to extend the mineral rights surrounding the well locations for an additional decade and provide information to be used for future development.

CORPORATE

Paramount is continuing to work on a proposal from one of its lenders for an expansion of the Company's bank credit facility and, as a result, the revolving period and maturity date of the Existing Facility have been extended to November 15, 2012 and November 15, 2013, respectively. Paramount expects that the revolving period and maturity date of the Existing Facility would be further extended if such facility is not expanded before November 15, 2012.

Paramount raised an aggregate $125.1 million through the issuance of a total of 4.2 million flow-through Common Shares in late-September and early-October.

OUTLOOK

Year-to-date exploration and development expenditures total approximately $360 million. Planned spending for the remainder of the year will be focused on the Kaybob deep cut projects, where $65 million will be invested in the Musreau and Smoky deep cut facilities and drilling will continue to build the inventory of wells to feed the expansions. Strategic Investment spending for the remainder of the year will be directed to completing the construction of the new walking drilling rigs and drilling the Company's second Liard Basin shale gas evaluation well. The Company has flexibility within its current capital plan to increase or decrease spending depending on future economic conditions, among other factors.

Between August and October, Paramount's sales volumes were constrained by up to 6,000 Boe/d due to the NGLs Disruption. By the end of October, the Company was able to partially restore sales volumes to approximately 20,000 Boe/d after the affected third party NGLs facility resumed service. Paramount's production continues to be impacted by the availability of downstream NGLs fractionation capacity as third party operators prorate available NGLs processing capacity. The Company's 2012 exit rate will depend on the extent to which downstream third party NGLs processing capacity becomes available. Behind pipe volumes in the Kaybob and Grande Prairie COUs will be brought-on once the Company is able to access additional fractionation capacity.

Paramount's long-term firm-service agreement with a midstream company secures processing capacity for NGLs that will be produced from the Kaybob area deep cut facilities. Sales volumes are expected to more than double once the Musreau Deep Cut Facility and the Smoky Deep Cut Facility are operational.

ADDITIONAL INFORMATION

A copy of Paramount's complete results for the three and nine months ended September 30, 2012, including Management's Discussion and Analysis and the unaudited Interim Condensed Consolidated Financial Statements for the three and nine months ended September 30, 2012 can be found at download/2012+Nov+6.pdf. This information will also be made available through Paramount's website at www.paramountres.com and SEDAR at www.sedar.com.

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".

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", "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:

- expected production and sales volumes and the timing thereof;
- operating and other costs;
- the negotiation and completion of arrangements for the transportation and sales of natural gas and NGLs;
- exploration, development and strategic investment plans and strategies and the anticipated costs, timing and results thereof;
- budget allocations and capital spending flexibility;
- planned drilling programs, well completions, well tie-ins and the anticipated costs and timing thereof;
- the availability of facilities to process and transport natural gas and NGLs production;
- the anticipated costs, scope and timing of proposed new facilities and facilities' expansions, the expected

capacity and utilization of such facilities and expected sources of funding for such facilities;
- the timing and scope of Cavalier Energy's planned development of its oil sands and carbonate bitumen assets and Paramount's development of its shale gas assets;
- the anticipated costs and completion date of the two new triple-sized walking drilling rigs;
- business strategies and objectives;
- sources of and plans for funding Paramount's exploration, development, facilities and other expenditures;
- the extension of the Existing Facility and the outcome of discussions regarding an expansion thereof;
- acquisition and disposition plans;
- regulatory applications and the anticipated scope, timing and results thereof;
- future taxes payable or owing; and
- the outcome and timing of any legal claims, audits, assessments or other regulatory matters or proceedings.

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, business and market conditions;
- the ability of Paramount to obtain required capital to finance its exploration and development activities and its new and expanded facilities;
- 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 market its oil, natural gas and NGLs successfully to current and new customers;
- the ability of Paramount to secure adequate product processing, transportation and storage;
- the ability of Paramount and its industry partners to obtain drilling success and production levels consistent with expectations, including with respect to anticipated reserves additions and NGLs yields;
- the timely receipt of required regulatory approvals;
- expected timelines and budgets being met in respect of facilities development and construction projects;
- access to capital markets and other sources of funding for Paramount's operations and planned expenditures;
- anticipated rates of return from existing and planned projects relative to other opportunities;
- estimates of input and labour costs; 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, NGLs yields, costs and expenses and the timing thereof;
- the ability to secure adequate product processing, transportation and storage;
- the uncertainty of exploration, development and drilling activities;
- operational risks in exploring for, developing and producing crude oil, bitumen, natural gas, and NGLs, and the timing thereof;
- the ability to obtain equipment, services, supplies and personnel in a timely manner and at an acceptable cost;
- potential disruptions or unexpected technical difficulties in designing, developing or operating new, expanded or existing facilities including third party facilities;
- risks and uncertainties related to the geology of oil and gas deposits;
- the uncertainty of reserves and resource estimates;
- the ability to generate sufficient cash flow from operations and obtain other sources of 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;
- changes to, or in the interpretation of, applicable laws, regulations or policies;
- changes in environmental laws including emission reduction obligations;
- the receipt, timing, and scope of governmental or regulatory approvals;
- changes in economic, business and market conditions;
- the uncertainty regarding aboriginal claims and co-existing with local populations and stakeholders;
- the effects of weather;
- the timing and cost of future abandonment and reclamation activities;

- clean-up costs or business interruptions resulting from environmental damage and contamination;
- the ability to enter into or continue leases;
- existing and potential lawsuits and regulatory actions;
- future taxes payable; 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.

NON-GAAP MEASURES

In this document "Funds flow from operations", "Funds flow from operations - per Boe", "Funds flow from operations per share - diluted", "Netback", "Netback including financial commodity contract settlements", "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 Generally Accepted Accounting Principles in Canada ("GAAP").

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 calculation of Net Debt in the liquidity and capital resources section of Management's Discussion and Analysis. **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, MEG Energy, MGM Energy 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.

During the third quarter of 2012, the value ratio between crude oil and natural gas was approximately 32:1. 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 RESULTS

Test rates disclosed in this document represent the average rate of gas-flow during post clean-up production tests up 4 1/2" casing. All wells were stimulated using frac oil and substantially all fluids recovered during the test periods were load fluids. As a result, recovered fluid volumes for the duration of the tests have not been disclosed. Pressure transient analyses and well-test interpretations have not been carried out for the wells disclosed 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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