# TERM SHEET

*A final base shelf prospectus containing important information relating to the securities described in this document has been filed with the securities regulatory authorities in each of the provinces of Canada, except Quebec. A copy of the final base shelf prospectus, any amendment to the final base shelf prospectus and any applicable shelf prospectus supplement that has been filed, is required to be delivered with this document.*

*This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the final base shelf prospectus, any amendment and any applicable shelf prospectus supplement for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.*

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| **Issuer:** | Paramount Resources Ltd. ("**Paramount**" or the "**Company**"). |
| **Brokered Offering:** | 1,115,000 flow-through common shares ("**Flow-Through Shares**") of the Company to be issued from treasury pursuant to the shelf distribution rules and procedures under National Instrument 44-102 (the "**Offering**"). |
| **Issue Price:** | $44.00 per Flow-Through Share. |
| **Offering Amount:** | $49,060,000 |
| **Concurrent Private Placement:** | In conjunction with the Offering, the Company may complete, on a private placement basis, a non-brokered offering of flow-through shares at a price of $44.00 per flow-through share to certain officers, directors, and employees of the Company, affiliates of the Company and other persons (the "**Concurrent Private Placement**"). No commission will be payable by the Company to the Underwriters if such subscriptions are closed directly with the Company on or before the Closing Date. The Concurrent Private Placement will close on or before the Closing Date. |
| **Income Tax Considerations:** | Paramount shall, pursuant to the provisions in the *Income Tax Act* (Canada), incur Canadian Exploration Expenses (the "**Qualifying Expenditures**") after the Closing Date and prior to December 31, 2014 in the aggregate amount of not less than the total amount of the gross proceeds raised from the Offering. Paramount shall renounce the Qualifying Expenditures so incurred to the purchasers of the Flow-Through Shares under the Offering in the amount of $44.00 per Flow-Through Share effective on or prior to December 31, 2013.<br><br>In the event that Paramount fails to renounce $44.00 per Flow-Through Share of Qualifying Expenditures effective on or prior to December 31, 2013 for each Flow-Through Share purchased under the Offering, Paramount will, as sole recourse, indemnify each Flow-Through Share subscriber under the Offering for the additional taxes payable by such subscriber as a result of Paramount's failure to so renounce the Qualifying Expenditures. |
| **Issue Type:** | Guaranteed agency offering of Flow-Through Shares to be completed by way of prospectus supplement, qualifying the Flow-Through Shares for distribution in all provinces of Canada, except Quebec. |
| **Listing:** | Paramount will apply to list the Flow-Through Shares on the Toronto Stock Exchange ("**TSX**"). Listing will be subject to the Company fulfilling all of the listing requirements of the TSX. |
| **Prospectus Supplement:** | Paramount will file a prospectus supplement to the base shelf prospectus of Paramount dated November 14, 2012 on or before October 9, 2013. |
| **Closing Date:** | Payment for and delivery of the Flow-Through Shares pursuant to the Offering is to occur on October 16, 2013, or such date as may be agreed upon by the Company and RBC Capital Markets. The Concurrent Private Placement will close on or before October 16, 2013. |
| **Use of Proceeds from the Offering:** | The gross proceeds received by Paramount from the Offering will be used to incur Qualifying Expenditures prior to December 31, 2014. The proceeds of the Offering may be used to temporarily reduce indebtedness until required for the foregoing purpose. |
| **Commission:** | 4.0% of the gross proceeds of the Offering, payable on the Closing Date. |
| **Joint Bookrunners:** | **RBC Capital Markets, BMO Capital Markets and Peters & Co.** |