



PARAMOUNT RESOURCES LTD. ANNOUNCES THE MONETIZATION OF PART OF ITS SEVEN GENERATIONS ENERGY LTD. SHARES AND PROVIDES OPERATIONAL UPDATE

September 22, 2016

Paramount Resources Ltd. ("Paramount" or the "Company") (TSX:POU) announces that it has monetized part of its holdings of 33.5 million common shares of Seven Generations Energy Ltd. ("7G") which were acquired in August as partial consideration for the sale of the Company's Musreau/Kakwa assets. Paramount has monetized an aggregate of 24.7 million 7G shares through sale transactions for gross proceeds of approximately \$735 million. The Company has received approximately \$310 million in cash and will realize the balance of the proceeds in late December 2016.

The proceeds will initially be held as cash and used to fund the continued development of the Company's oil and gas properties. Paramount's financial resources and access to capital markets also provide the Company with the ability to participate in strategic acquisitions and capitalize on new opportunities.

Operational Update

Paramount recently completed the first extended reach lateral well in a 25 well Montney drilling program at Karr-Gold Creek. The slickwater completion placed 5,000 tonnes of proppant over 50 stages and the well commenced production on September 5th. The table below summarizes the initial flow rates:

	Average		Cumulative	
Natural gas⁽¹⁾	7.0	<i>MMcf/d</i>	112.0	<i>MMcf</i>
Wellhead liquids⁽¹⁾	1,288	<i>Bbl/d</i>	20,600	<i>Bbl</i>
Total⁽¹⁾	2,454	<i>Boe/d</i>	39,267	<i>Boe</i>
CGR⁽²⁾	184	<i>Bbl/MMcf</i>	184	<i>Bbl/MMcf</i>

(1) Production volumes are the gross volumes measured at the wellhead separator from September 6, 2016 to September 21, 2016. Natural gas sales volumes are approximately 10 percent lower when compared to wellhead separator natural gas volumes and stabilized condensate sales volumes are approximately 15 percent lower when compared to wellhead separator condensate volumes.

(2) Condensate to natural gas ratios (CGRs) were calculated by dividing total wellhead separator liquids volumes by total wellhead separator natural gas volumes.

The remaining wells in the program will be executed over the next 9 to 12 months. Production volumes from these wells will flow to the Company's existing 40 MMcf/d 6-18 compression and dehydration plant at Karr-Gold Creek and be processed at a downstream third party facility. The 6-18 plant is currently being expanded from 40 MMcf/d to 80 MMcf/d, with the incremental capacity scheduled to come on stream in the second quarter of 2017.

The 25 well Karr-Gold Creek drilling and completion program and plant expansion is being funded from the proceeds of the 7G share monetization.

Paramount's Board of Directors

The Company also wishes to announce that Mr. Thomas Claugus is leaving the Board of Directors to focus on his principal business endeavors. "The Company would like to thank Mr. Claugus for his six years of service to the Company. Mr. Claugus has been an invaluable contributor to our Board as we navigated through these challenging times", said Jim Riddell, President and Chief Executive Officer.

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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 primarily located in Alberta and British Columbia. Paramount's Class A Common Shares are listed on the Toronto Stock Exchange under the symbol "POU".

For further information, please contact:

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Advisories

Forward Looking Information

Certain statements in this news release 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:

- the anticipated completion of the 7G share sale transactions;
- the use of proceeds from the 7G share sale transactions;
- the execution of Paramount's Karr-Gold Creek 25 well Montney drilling program;
- projected timelines for, and anticipated costs of, constructing, commissioning and/or starting-up new and expanded Karr facilities;
- Paramount's business plans and strategy following the sale transactions; and
- general 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:

- the expected benefits from the sale transaction;
- future natural gas and liquids prices;
- royalty rates, taxes and capital, operating, general & administrative and other costs;
- foreign currency exchange rates and interest rates;
- general business, economic and market conditions;
- the ability of Paramount to obtain the required capital to finance its exploration, development and other operations and meet its commitments and financial obligations;
- 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 and liquids 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; 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 are reasonable, undue reliance should not be placed on them 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:

- the conditions to the completion of the sale transactions not being satisfied;
- fluctuations in natural gas and liquids 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 and liquids;
- 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);
- 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 to fund planned exploration, development and operational activities and meet current and future commitments and obligations (including product processing, transportation, de-ethanization, fractionation and similar commitments and debt obligations);
- 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.

Oil and Gas Measures and Definitions

This document contains disclosures expressed as "Boe" and "Boe/d". 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. For the six months ended June 30, 2016, the value ratio between crude oil and natural gas was approximately 30:1. 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, condensate.