

Extractive Sector Transparency Measures Act - Annual Report

Reporting Entity Name Paramount Resources Ltd.

Reporting Year **From** 1/1/2018 **To:** 12/31/2018 **Date submitted** 5/31/2019

Reporting Entity ESTMA Identification Number E634571

Original Submission
 Amended Report

Other Subsidiaries Included
(optional field)

Fox Drilling Limited Partnership (E015683)

Not Consolidated

Not Substituted

Attestation by Reporting Entity

In accordance with the requirements of the ESTMA, and in particular section 9 thereof, I attest I have reviewed the information contained in the ESTMA report for the entity(ies) listed above. Based on my knowledge, and having exercised reasonable diligence, the information in the ESTMA report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Full Name of Director or Officer of Reporting Entity

Bernard K. Lee

Position Title

Executive Vice President, Finance and Chief Financial Officer

Date

5/31/2019

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Reporting Entity Name	Paramount Resources Ltd.			Currency of the Report	CAD
Reporting Entity ESTMA Identification Number	E634571				
Subsidiary Reporting Entities (if necessary)	Fox Drilling Limited Partnership (E015683)				

Payments by Payee⁽¹⁾

Country	Payee Name	Departments, Agency, etc... within Payee that Received Payments	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid to Payee	Notes
Canada	Government of Alberta	Payee includes the following recipients: Minster of Finance Provincial Treasurer Government of Alberta Alberta Petroleum Marketing Commission Alberta Boilers Safety Association Alberta Energy Regulator Alberta Environment and Parks Safety Codes Council	-	73,550,000	11,550,000	-	9,520,000	-	-	94,620,000	Royalties of \$29,850,000 paid-in-kind are valued based on volumes paid-in-kind and applicable Crown par prices.
Canada	Government of British Columbia	Payee includes the following recipients: Minister of Finance BC Ministry of Energy and Mines BC Oil and Gas Commission	-	1,040,000	760,000	-	420,000	-	-	2,220,000	
Canada	Government of Saskatchewan	Saskatchewan Ministry of the Economy	-	190,000	-	-	-	-	-	190,000	
Canada	Big Lakes County		130,000	-	-	-	-	-	-	130,000	
Canada	Buffalo Lake Metis Settlement		110,000	-	170,000	-	-	-	-	280,000	
Canada	Clearwater County		2,510,000	-	-	-	-	-	-	2,510,000	
Canada	County of Grande Prairie No. 1		120,000	-	-	-	-	-	-	120,000	
Canada	County of Smoky Lake No. 13		210,000	-	-	-	-	-	-	210,000	
Canada	Horse Lake First Nation IRC		-	-	100,000	-	-	-	-	100,000	
Canada	Mackenzie County		2,260,000	-	-	-	-	-	-	2,260,000	
Canada	Mountain View County		670,000	-	-	-	-	-	-	670,000	
Canada	Municipal District of Greenview No. 6		7,780,000	-	1,050,000	-	-	-	-	8,830,000	
Canada	Northern Rockies Regional Municipality		130,000	-	-	-	-	-	-	130,000	
Canada	Red Deer County		220,000	-	-	-	-	-	-	220,000	
Canada	Thorhild County		-	-	-	-	-	-	-	350,000	
Canada	Westlock County		230,000	-	-	-	-	-	-	230,000	
Canada	Yellowhead County		1,370,000	-	-	-	-	-	-	1,370,000	

Additional Notes: (1) Refer to Note 1 - Reporting Framework

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Payments by Project ⁽¹⁾

Country	Project Name	Taxes	Royalties ⁽²⁾	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid by Project	Notes
Canada	Central Alberta & Other	6,740,000	17,640,000	5,640,000	-	6,890,000	-	-	36,910,000	
Canada	Kaybob	7,910,000	48,140,000	6,140,000	-	1,940,000	-	-	64,130,000	
Canada	Grande Prairie	1,440,000	9,000,000	1,850,000	-	1,110,000	-	-	13,400,000	

Additional Notes:

(1) Refer to Note 1 - Reporting Framework
 (2) Royalties of \$29,850,000 paid-in-kind are valued based on volumes paid-in-kind and applicable Crown par prices.



NOTE 1 – REPORTING FRAMEWORK

1. Basis of Presentation

The schedule of Payments by Payee and the schedule of Payments by Project (collectively, the "Schedules") of Paramount Resources Ltd. (the "Company") for the year ended December 31, 2018 are presented in Canadian dollars, have been prepared for the purpose of satisfying Company's disclosure obligations in respect of the Extractive Sector Transparency Measures Act ("ESTMA" or the "Act"), and may not be suitable for other purposes. The Schedules have been prepared in accordance with Section 9 of the Act and the ESTMA Technical Reporting Specifications (the "Reporting Framework") and include amounts in respect of the Company's consolidated subsidiaries qualifying as ESTMA reporting entities for the year ended December 31, 2018.

Payee

For purposes of the Act, a payee is:

- 1) Any government in Canada or in a foreign state.
- 2) A body that is established by two or more governments.
- 3) Any trust, board, commission, corporation or body or other authority that is established to exercise or perform, or that exercises or performs, a power, duty or function of a government for a government referred to in paragraph (a) above or a body referred to in paragraph (b) above.

Payees include governments at any level, including national, regional, state/provincial or local/municipal levels. Payees also include Crown corporations and other state-owned enterprises that are exercising or performing a power, duty or function of government. Indigenous groups and organizations are classified as governments and a payee for ESTMA reporting purposes.

2. Significant Accounting Policies

Cash basis

The Schedules have been prepared using the cash basis of accounting, as required by the Reporting Framework, and therefore exclude accruals related to payments due to governments. The Schedules include all cash payments made to a government and exclude cash inflows from a government. Where the Company makes a payment to a government that is net of credits from that government, the net payment amount has been presented.

Payments to the same payee that meet or exceed \$100,000 in one category of payment are disclosed. Payments disclosed are rounded to the nearest \$10,000.

Projects

The Company has aligned its projects with its cash generating units as determined for financial statement reporting purposes.

Operator

The Company has reported all payments made by it, on its own behalf and in its role as operator, directly to governments on a 'gross' basis.

Take in-kind payments

The Company has valued in-kind payments based on the cost to the Company, consistent with calculations made by the Company for financial reporting purposes.

Excluded payments

Certain payments made to governments which are not related to the commercial extraction of oil and natural gas resources have been excluded from the Schedules in accordance with the Reporting Framework.