

# Extractive Sector Transparency Measures Act - Annual Report

<b>Reporting Entity Name</b>	Paramount Resources Ltd.		
<b>Reporting Year</b>	<b>From</b> 1/1/2017	<b>To:</b> 12/31/2017	<b>Date submitted</b> 5/28/2018
<b>Reporting Entity ESTMA Identification Number</b>	E634571	<input checked="" type="radio"/> Original Submission <input type="radio"/> Amended Report	
<b>Other Subsidiaries Included</b> (optional field)			
<b>For Consolidated Reports - Subsidiary Reporting Entities Included in Report:</b>	Fox Drilling Limited Partnership (E015683), Paramount Resources (ACL) Ltd. (E435566), Paramount Resources (TEC) Ltd. (E862638)		
<b>Not Substituted</b>			
<b>Attestation by Reporting Entity</b>	<p><i>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.</i></p>		
<b>Full Name of Director or Officer of Reporting Entity</b>	Bernard K. Lee		<b>Date</b> 5/28/2018
<b>Position Title</b>	Executive Vice President, Finance and Chief Financial Officer		

## Extractive Sector Transparency Measures Act - Annual Report

<b>Reporting Year</b>	<b>From:</b> 1/1/2017	<b>To:</b> 12/31/2017	
<b>Reporting Entity Name</b>	Paramount Resources Ltd.		<b>Currency of the Report</b> CAD
<b>Reporting Entity ESTMA Identification Number</b>	E634571		
<b>Subsidiary Reporting Entities (if necessary)</b>	Fox Drilling Limited Partnership (E015683), Paramount Resources (ACL) Ltd. (E435566), Paramount Resources (TEC) Ltd. (E862638)		

### Payments by Payee <sup>(1)</sup>

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: Minister of Finance Alberta Petroleum Marketing Commission Provincial Treasurer Alberta Energy Regulator Alberta Environment and Parks Alberta Sustainable Resource Development Safety Codes Council of Alberta Alberta Boilers Safety Association NAIT		26,160,000	3,500,000		11,990,000			<b>41,650,000</b>	Royalties of \$6,600,000 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 BC Transportation Financing Authority BC Ministry of Forests, Land and Natural Resources		460,000	600,000					<b>1,060,000</b>	
Canada	Buffalo Lake Metis Settlement				170,000					<b>170,000</b>	
Canada	Clearwater County		2,510,000							<b>2,510,000</b>	
Canada	County of Smoky Lake No. 13		210,000							<b>210,000</b>	
Canada	Mountainview County		720,000							<b>720,000</b>	
Canada	Municipal District of Greenview		990,000		810,000					<b>1,800,000</b>	
Canada	Saddle Hills County		480,000							<b>480,000</b>	

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

## Extractive Sector Transparency Measures Act - Annual Report

<b>Reporting Year</b>	<b>From:</b> 1/1/2017	<b>To:</b> 12/31/2017	
<b>Reporting Entity Name</b>	Paramount Resources Ltd.		<b>Currency of the Report</b> CAD
<b>Reporting Entity ESTMA Identification Number</b>	E634571		
<b>Subsidiary Reporting Entities (if necessary)</b>	Fox Drilling Limited Partnership (E015683), Paramount Resources (ACL) Ltd. (E435566), Paramount Resources (TEC) Ltd. (E862638)		

### Payments by Project <sup>(1)</sup>

Country	Project Name	Taxes	Royalties <sup>(2)</sup>	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid by Project	Notes
Canada	Corporate		40,000	200,000					240,000	
Canada	Central & Other	3,440,000	3,440,000	2,330,000		4,560,000			13,770,000	
Canada	Grande Prairie	1,470,000	15,350,000	1,690,000		7,430,000			25,940,000	
Canada	Kaybob		7,790,000	860,000					8,650,000	

**Additional Notes:**

(1) Refer to Note 1 - Reporting Framework  
 (2) Royalties of \$6,600,000 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, 2017 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 and its consolidated subsidiaries that qualify as ESTMA reporting entities for the year ended December 31, 2017 or, in respect of certain entities, for the portion of the year ended December 31, 2017 that the qualifying entity was a subsidiary of the Company.

#### **Payee**

For purposes of the Act, a payee is:

- a) Any government in Canada or in a foreign state.
- b) A body that is established by two or more governments.
- c) 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 reporting purposes under the ESTMA beginning on June 1, 2017.

### **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.

#### **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.