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CIRCULAR 168-16
December 20, 2016

ANTICIPATED CONTRACT ADJUSTMENT
Paramount Resources Ltd. (POU)
Spin-off

THE FOLLOWING INFORMATION IS PREPARED FOR THE CONVENIENCE OF CANADIAN DERIVATIVES CLEARING CORPORATION (CDCC) MEMBERS AND BOURSE DE MONTRÉAL INC. (THE BOURSE) APPROVED PARTICIPANTS. THIS DOCUMENT IS AN UNOFFICIAL SUMMARY OF CERTAIN TERMS OF THE AFOREMENTIONED ADJUSTMENT. CDCC AND THE BOURSE ACCEPT NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THE SUMMARY. CDCC MEMBERS AND BOURSE APPROVED PARTICIPANTS MUST ENSURE THEY HAVE REVIEWED THE DOCUMENTATION PUBLISHED BY THE ISSUERS INVOLVED IN THIS CORPORATE ACTION.

The Bourse and CDCC wish to inform you that Paramount Resources Ltd. ("Paramount" or the "Company") (TSX: POU) announced on December 16, 2016 the Sale of 5.0 Million Seven Generations ("7G") Shares, in a private bought deal transaction for gross proceeds of approximately \$150 million. The transaction will close on December 20, 2016.

The remaining Seven Generations Shares Paramount will distribute to its shareholders, by way of dividend, its remaining 3.8 million 7G Shares. The dividend payment date will be January 16, 2017 and will result in Paramount's shareholders of record at the close of business on January 9, 2017 receiving approximately 0.036 of a 7G Share (based on the number of Paramount shares outstanding today) for each Paramount share they hold on such date, subject to applicable withholding taxes for non-Canadian residents and fractional entitlements to 7G Shares being rounded to the closest whole number.

Paramount's shares will commence trading ex-dividend on the Toronto Stock Exchange at the opening of trading on January 5, 2017. The dividend is designated by Paramount to be an "eligible dividend" for purposes of the Income Tax Act (Canada) and any similar provincial or territorial legislation. An enhanced dividend tax credit applies to an eligible dividend paid to Canadian residents.

PLEASE ENSURE THAT ALL CLIENTS WHO HAVE EITHER LONG OR SHORT POSITIONS IN THIS OPTION CLASS ARE ADVISED OF THIS NOTICE.

For further information, please contact Market Operations Department at (514) 871-7877. CDCC clearing members may contact the Corporate Operations Department.

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