Building a Successful Independent

1) Find large reserves of hydrocarbons with prolific deliverability for C$0.25/Boe and sell for >C$4.00/Boe

Riddell Formula 1978
Corporate Profile March 31, 2005

- ~ 80% gas leverage
- Intermediate gas-focused producer/explorer
- 64.1 million shares + ≤ 5% dilution for options
- Market Cap. @ $30.00/share = $1,923 million
- 50% management ownership
- Successful efforts accounting
- Current production: ≈ 45,000 Boe/d @ 6:1
- 2004 Production: 36,150 Boe/d @ 6:1
- 2004 Cash Flow: $295 million ($4.95/share)
- 2005E Cash Flow: $425 million ($6.66/share)
- 3.4 million acres undeveloped lands
Clay Riddell, Geologist

1959: Graduated University of Manitoba

1959-1968: The California Standard Company - Chevron

1968-1970: Consulting Geologist

1970-1975: Running Small Public Companies

1975-2005: Building an Independent Oil & Gas Company and Two Energy Income Trusts
Paramount 1975 - 2005

1970 - 1979: Discovered the secrets of the Grosmont Trend in Northeast Alberta
1979 - 1983: Exploited the Discoveries
2005: Two Public Trusts - Paramount Energy Trust Trilogy Energy Trust

Five Core Areas of growing reserves:
- BC/NWT
- NW Alberta/NWT
- S Alberta/North Dakota
- Deep Basin
- Athabasca Oil Sands
Extremely Porous Wet Viking Sand Fm
Water influx following lost circulation into Grosmont

Grosmont Gas Pool (Underpressured)
### Paramount Resources Remaining Core Producing Properties

#### Paramount Initial Production Estimate

<table>
<thead>
<tr>
<th>Property</th>
<th>Boe/d</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Kaybob/Deep Basin</td>
<td>3,300</td>
</tr>
<tr>
<td>Grande Prairie</td>
<td>4,000</td>
</tr>
<tr>
<td>NW AB/Cameron Hills NWT</td>
<td>5,000</td>
</tr>
<tr>
<td>NWT/NE BC</td>
<td>4,000</td>
</tr>
<tr>
<td>Southern</td>
<td>3,500</td>
</tr>
<tr>
<td>Heavy Oil</td>
<td>366</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>20,166</strong> Boe/d</td>
</tr>
</tbody>
</table>

#### Paramount 2005 Capital Program

<table>
<thead>
<tr>
<th>Property</th>
<th>Capital Program $MM</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Kaybob/Deep Basin</td>
<td>45</td>
</tr>
<tr>
<td>Grande Prairie</td>
<td>50</td>
</tr>
<tr>
<td>NW AB/Cameron Hills NWT</td>
<td>20</td>
</tr>
<tr>
<td>NWT/NE BC</td>
<td>60</td>
</tr>
<tr>
<td>Southern</td>
<td>50</td>
</tr>
<tr>
<td>Heavy Oil</td>
<td>15</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$240 MM</strong></td>
</tr>
</tbody>
</table>
West Kaybob

West Kaybob/Deep Basin play type is similar to original play in Kaybob
- 2 x depth
- 2 x costs
- 2 x rates
- 2 x reserves
Chain – 2005 CBM Drilling

- 2004 Drilling
- CBM locations
- Pipeline spine
- Compression

- 88 well program

Paramount Horseshoe Canyon Coal @ 10X
Colville Lake, NWT

- 1850 km north of Calgary at the Arctic Circle
- Proximal to proposed Mackenzie Valley Pipeline (MVPL)
- Paramount 50% WI in over 500,000 acres
SAGD, Northeast Alberta

Paramount Projects:
- Leismer
- Christina Lake
- Surmont
- Corner
- Thornbury
- Hangingstone

Paramount keys:
- Site upgrading
- Alternative energy source to natural gas
Surmont Gas over Bitumen

- Surmont Repressurization Pilots
  - Inert gas injection
  - Exhaust gas displacement
- Potential to return significant reserves to production
- Pilot onstream Spring 2005
PARAMOUNT

PARAMOUNT ROYALTY TRUST

CENTRAL ALBERTA E&P

WEST KAYBOB E&P

GRANDE PRAIRIE E&P

NW ALBERTA E&P

FORT LIARD E&P

SOUTHERN ALBERTA E&P

PARAMOUNT MIDSTREAM

PARAMOUNT PURE EXPLORATION

PARAMOUNT ENERGY TRUST

Cameron Hills Development

PARAMOUNT ENERGY FUND

SAGD DEVELOPMENT

SURMONT COMPENSATION

PARAMOUNT PURE EXPLORATION

TRINIDAD DRILLING UNITS
WISP INVESTMENTS - $5 MM

CONTINUING TO BUILD
OWN ASSETS

COLVILLE LAKE NOGHA
DISCOVERY +250 BCF

19% OF TRILOGY
TIED IN & PRODUCING
SPRING '04

DONE JUNE '02

FUTURE TRUSTS?

CAPP 2001 Symposium JUNE 18-19, 2001 Calgary, Alberta
What Lies Ahead in Canada

- I've been told all my career I was in a sunset industry. That may be true but at the moment the sun is still rising.
- MORGAN STANLEY: Oil Prices May Crash
- GOLDMAN SACHS: Oil Super-Spike
- Major multinational - rapidly growing juniors - drilling funds - super-independents - energy trusts next?? And next ????
What Lies Ahead in Canada

- Unconventional Hydrocarbon Reservoirs
  - Coal bed methane
  - Basin centre tight gas
  - Shale gas
  - Gas hydrates

- The Frontier
  - Northern Canada
  - Offshore Atlantic, Pacific, Beaufort Sea
  - Arctic Islands

- The Oilsands
  - Mining
  - In-Situ

- Technology
  - Get the 20-80% of the hydrocarbons we have left in the ground
  - New imaging → new insights → new discoveries
  - New stimulation → new recovery technologies → new reserves

- Conventional
  - Lots of undiscovered conventional oil & gas reserves much of which are in smaller accumulations
  - The real deep prospects still abound
Building a Successful Independent

1) Find ever larger reserves of hydrocarbons with at least modest deliverability for < C$10.00/Boe and sell for C$60.00/Boe

Riddell Formula 2005