

November 9, 2018
Mackenzie Valley Land & Water Board
7th Floor, 4922 48th Street
P.O. Box 2130
Yellowknife, NT
X1A 2P6

Attention: Kierney Leach, Technical Regulatory Specialist

RE: Celibeta Land Use Permit Security Detail Request

Dear Ms. Leach,

Paramount Resources Ltd. ("Paramount") is in receipt of the request of November 8 from the Mackenzie Valley Land and Water Board ("MVLWB") in regard to additional detail for the Security Deposit estimate for the Celibeta Land Use Permit ("LUP").

On October 12 Paramount responded that it had attempted to use the RECLAIM model spreadsheet provided but it did not work. Paramount was provided an updated version on October 30th, however Paramount's attempts to use the model have been unsuccessful. Paramount consistently got value error messages when attempting to input as per the instructions. Additionally, as stated in the past Paramount continues to have concerns with the disclaimer attached to the model, "*Reclaim was prepared by Brodie Consulting Ltd. on behalf of AANDC. AANDC and Brodie Consulting Ltd. are not responsible for the completeness or accuracy of any reclamation estimate made using this model. The user agrees to check and take responsibility for all aspects of any cost estimate made using this model.*"

Paramount provided an internal estimate for the reclamation cost of \$80,000 which would all be attributed to land related activities. Paramount has based that number on its experience in Northern operations, current site conditions and AER Directive 011

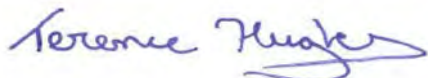
(https://www.aer.ca/documents/directives/Directive011_March2015.pdf).

Paramount is basing its number on security for the abandonment operation to be posted with the Office of the Regulator for Oil and Gas Operations (OROGO). The liability associated with the construction of the ice road and pad is minor, limited to brushing and ice road/pad building.

Based on current site conditions, Paramount does not anticipate the need for remedial activities at the site in future years. The site is currently well vegetated, as is the previous access route

If you have any questions regarding the above please do not hesitate to contact the undersigned via e-mail at terence.hughes@paramountres.com or via phone at 403-206-3859.

Yours truly,
PARAMOUNT RESOURCES LTD.



Terence Hughes
Regulatory and Community Affairs Advisor