Paramount Resources Ltd.

Paramount Resources Ltd. Updates Status of Exchange Offer for Senior Notes

CALGARY, ALBERTA - Dec. 31, 2004 /CNW/ - Paramount Resources Ltd. (TSX:POU) is providing an update on the status of its exchange offer and consent solicitation (the "Notes Offer") for its 7 7/8% Senior Notes due 2010 and 8 7/8% Senior Notes due 2014.

The offer expiration date for the Notes Offer is on January 13, 2005. Paramount offered an additional payment for tendering noteholders if the requisite tenders and consents were received by 5:00 p.m. New York time on December 29, 2004 (the "consent expiration time"). As of that time, the requisite tenders and consents had not been received. The consent expiration time has not been extended and the Notes Offer remains unchanged.

Paramount has been advised that a committee of holders of each series of notes, allegedly holding a sufficient amount of the notes to preclude the minimum tender condition specified in the Notes Offer from being satisfied, has been formed to respond to the Notes Offer. The committee is seeking to engage Paramount in negotiations on the terms of the Notes Offer.

Moody's Investor Service has assigned a "B3" rating to the Paramount notes to be issued under the Notes Offer. The Moody's ratings for Paramount are with a negative outlook.

Paramount is a Canadian oil and natural gas exploration, development and production company with operations focused in Western Canada. Paramount's common shares are listed on the Toronto Stock Exchange under the symbol "POU".

For further information: Paramount Resources Ltd., J.H.T. (Jim) Riddell, President and Chief Operating Officer, (403) 290-3600 / Paramount Resources Ltd., B.K. (Bernie) Lee, Chief Financial Officer, (403) 290-3600, (403) 262-7994 (FAX), www.paramountres.com, Paramount Resources Ltd., C.H. (Clay) Riddell, Chairman and Chief Executive Officer, (403) 290-3600, (403) 262-7994 (FAX), www.paramountres.com, Paramount Resources Ltd., 4700 Bankers Hall West, 888 - 3rd Street SW, Calgary, AB T2P 5C5

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