Paramount Resources Ltd.

Paramount Resources Ltd. Announces C\$300 Million Notes Offering

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Paramount Resources Ltd. (TSX:POU) has agreed to sell C\$300 million aggregate principal amount of 7.625% senior unsecured notes due 2019 (the "Notes") at par to a syndicate of underwriters for public offering in Canada (the "Offering"). The Offering is expected to close on or about December 4, 2012. Net proceeds from the Offering will be used for the non-permanent repayment of indebtedness under Paramount's credit facility, for capital expenditures, including with respect to the previously announced construction and expansion of Paramount's Kaybob deep cut natural gas processing facilities and the drilling of additional wells, and for general corporate purposes.

The underwriting syndicate for the Offering is led by RBC Dominion Securities Inc., Scotia Capital Inc. and BMO Nesbitt Burns Inc. and also includes AltaCorp Capital Inc., HSBC Securities (Canada) Inc., TD Securities Inc., Peters & Co. Limited and Stifel Nicolaus Canada Inc. (collectively, the "Underwriters").

The public offering of the Notes in Canada is being made by way of a prospectus supplement to Paramount's short form base shelf prospectus dated November 14, 2012. The base shelf prospectus is, and the prospectus supplement and underwriting agreement between Paramount and the Underwriters will be, available on SEDAR at www.sedar.com.

The Notes have not been and will not be registered under any federal or state securities laws of the United States. Accordingly, the Notes may not be offered or sold within the United States, except in transactions exempt from the registration requirements of the federal and applicable state securities laws of the United States. This news release shall not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction.

As previously disclosed, Paramount had been in discussions with the lenders under its C\$300 million credit facility with respect to an unsolicited proposal to expand the credit facility. Paramount has at this time decided to proceed with this offering of Notes rather than an expansion of its credit facility. The lenders have agreed to extend the revolving period and maturity date of the credit facility to November 30, 2013 and November 30, 2014, respectively, with all other material terms of the credit facility to remain unchanged.

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

Advisory Regarding Forward-Looking Statements

This news release contains forward-looking statements pertaining to the timing of closing of the Offering and the use of proceeds from the Offering. Although Paramount believes that the expectations reflected in such forward looking statements are reasonable, undue reliance should not be placed on them as Paramount cannot give any assurance that such expectations will prove to be correct. The forward-looking statements in this news release are made as of the date hereof and, except as required by applicable securities law, Paramount undertakes no obligation to update publicly or revise such statements, whether as a result of new information, future events or otherwise.

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

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