Paramount Resources Ltd.

Paramount Provides Updated Independent Estimate of Its Hoole Oil Sands Resources- Economic Contingent Resources Increase 20% to 763 Million Barrels (Best Estimate)

CALGARY, ALBERTA - July 21, 2011 /CNW/ - Paramount Resources Ltd. (TSX:POU) ("Paramount" or the "Company") has received an updated evaluation of its 100 percent-owned in-situ oil sands leases covering approximately 56 contiguous sections in the Hoole area of Alberta, situated within the western portion of the Athabasca Oil Sands region (the "Hoole Oil Sands Properties"). This update was undertaken to include the results of Paramount's 15 well 2010/2011 winter delineation drilling program, which increased the mapped thickness of the reservoir in some areas, confirmed the continuous nature of the reservoir and extended the boundaries of the exploitable reservoir.

To see a map of the location of the Hoole area, click the following link: download/2011+July+21_map.pdf

The updated evaluation was conducted by the Company's independent reserves evaluator, McDaniel & Associates Consultants Ltd. ("McDaniel"), who estimate that the Hoole Oil Sands Properties contain approximately 763 million barrels of economic contingent bitumen resources within the Grand Rapids formation (Best Estimate (P50)), an increase of 20 percent from McDaniel's prior evaluation effective April 30, 2010. Potentially exploitable bitumen accumulations within other prospective formations in the Hoole Oil Sands Properties were not included in McDaniel's evaluation.

The tables below summarize McDaniel's updated evaluation of the estimated volumes and net present values attributable to Paramount's 100 percent interest in the economic contingent bitumen resources in the Grand Rapids formation within the Hoole Oil Sands Properties as of April 30, 2011, and current estimates of initial and fully developed production from such interests.

Category / Level of Certainty (6)	DEBIP(1) (MBbl)(4)	Economic Contingent Resources(2)(3) (MBbl)(4)	Initial Production (Bbl/d)(5)	Fully Developed Production (Bbl/d)(5)
High Estimate	1,821,614	952,544	27,000	105,000
Best Estimate	1,631,742	762,661	26,000	80,000
Low Estimate	1,320,406	552,094	25,000	60,000

Notes:

(1) DEBIP means Discovered Exploitable Bitumen In-Place. Discovered Exploitable Bitumen In-Place is the estimated volume of bitumen, as of a given date, which is contained in a subsurface stratigraphic interval of a known accumulation that meets or exceeds certain reservoir characteristics, such as minimum continuous net pay, porosity, and mass bitumen content, considered necessary for the commercial application of known recovery technologies. There is no certainty that it will be commercially viable to produce any portion of the resources.

(2) Represents the Company's share of recoverable volumes before deduction of royalties. In the assessment of contingent resources within the Hoole Oil Sands Properties, McDaniel used a minimum net pay cut-off of 10 meters in the best estimate case.

(3) Refer to the advisories section at the end of this document for further information concerning contingent resources, including economic contingent resources.

(4) MBbl means thousands of barrels.

(5) Bbl/d means barrels per day. Initial production means the average daily production rate during the first year of production. Estimates of production rates assume that production will commence in 2015 and fully developed production will be reached in 2016 for the low estimate, 2017 for the best estimate and 2018 for the high estimate.

(6) Refer to the advisories section at the end of this document for a description of such categories.

Category / Level of Certainty (4)	NPV(1) of Future Net Revenue ($MM)(2) Discounted At 0%	5%	8%	10%	NPV(1) Discounted at 10% ($/Bbl)(3)
High Estimate	22,884	9,452	5,862	4,336	4.55
Best Estimate	16,522	6,549	3,935	2,834	3.72
Low Estimate	10,454	4,026	2,321	1,602	2.90

Notes:

(1) NPV means net present value and represents the Company's share of future net revenue, before the deduction of income tax from the economic contingent bitumen resources in the Grand Rapids formation within the Hoole Oilsands Properties. The calculation considers such items as revenues, royalties, operating costs, abandonment costs and capital expenditures. Royalties have been calculated based on Alberta's Royalty Framework applicable to oil sands projects in Alberta. The calculation does not consider financing costs and general and administrative costs. All NPVs are calculated assuming natural gas is used as a fuel for steam generation. Revenues and expenditures were calculated based on McDaniel's forecast prices and costs as of April 1, 2011.

(2) $MM means millions of Canadian dollars.

(3) $/Bbl means Canadian dollars per barrel.

(4) Refer to the advisories section at the end of this document for a description of such categories.

Economic contingent bitumen resources and the associated net present values were determined based on exploitation using a conventional Steam-Assisted Gravity Drainage development scenario.

Over the past seven years, Paramount has drilled 74 oil sands evaluation wells at the Hoole Oil Sands Properties to evaluate the Wabiskaw and Grand Rapids formations (including 39 evaluation wells with cores cut in the Grand Rapids formation). Over 190 other wells, located both on Paramount's acreage and on third party oil sands acreage analogous to the Hoole Oil Sands Properties, were also examined by McDaniel to evaluate the reservoir quality and estimated bitumen recovery from the Hoole Oil Sands Properties.

During the remainder of 2011, the Company expects to finalize its plans for the initial development of the Hoole Oil Sands Properties and complete the engineering design and environmental impact analysis for the project with a view to submitting a regulatory application for commercial development of the resource by the end of 2011.

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".

Forward-Looking Statements Advisory

Certain statements in this document constitute forward-looking information under applicable securities legislation. Forward-looking information in this document includes references to: estimated resources and the undiscounted and discounted net present value of future net revenues from such resources (including the forecast prices and costs and the timing of expected production volumes and future development capital); development plans for the oil sands leases and the projected timeline for finalizing such plans; timing of regulatory applications; and estimated initial and fully developed production from the oil sands leases and the timing thereof.

Such forward-looking information is based on a number of assumptions which may prove to be incorrect. The following assumptions have been made, in addition to any other assumptions identified in this document: future crude oil, bitumen and natural gas prices and general economic and business conditions; the timely receipt of required regulatory approvals; access to capital markets and other sources of funding; estimated timelines being met in respect of the development of the Hoole Oil Sands Properties; and estimates of input and labour costs for an oil sands project.

Although Paramount believes that the expectations reflected in such forward looking information is reasonable, undue reliance should not be placed on it as Paramount can give no assurance that such expectations will prove to be correct.

Forward-looking information is based on expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by Paramount and described in the forward-looking information. The material risks and uncertainties include, but are not limited to: fluctuations in crude oil, bitumen and natural gas prices, foreign currency exchange rates and interest rates; uncertainty of resource estimates; uncertainty of estimates and projections relating to future net revenue, costs and expenses, production and the timing thereof; operational risks in exploring for, developing and producing crude oil and natural gas, and the timing thereof; the ability to obtain equipment, services, supplies and personnel in a timely manner; potential disruption or unexpected technical difficulties in designing, developing or operating new or existing facilities; risks and uncertainties involving the geology of oil and gas deposits; the ability to generate sufficient cash flow from operations and other sources of financing at an acceptable cost to meet current and future obligations, including costs of the anticipated project; changes to the status or interpretation of laws, regulations or policies; the receipt and timing of governmental or regulatory approvals; changes in general business and economic conditions; and the effects of weather.

The foregoing list of risks is not exhaustive. Additional information concerning these and other factors which could impact Paramount are included in Paramount's most recent Annual Information Form. The forward-looking information contained in this document is made as of the date hereof and, except as required by applicable securities law, Paramount undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise.

Oil and Gas Advisories

The estimated net present values disclosed in this press release do not represent fair market value.

Contingent Resources are those quantities of bitumen estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but are classified as a resource rather than a reserve due to one or more contingencies, such as the absence of regulatory approvals, detailed design estimates or near term development plans. There is no certainty that it will be commercially viable to produce any portion of the contingent resources. For Paramount, contingencies which must be overcome to enable the reclassification of bitumen contingent resources as reserves include finalization of plans for the initial development of the Hoole Oil Sands Properties, regulatory application submission with no major issues raised, access to capital markets and other sources of funding, and intent to proceed by Paramount evidenced by a development plan with major capital expenditures. Economic Contingent Resources are those contingent resources that are currently economically recoverable based on specific forecasts of commodity prices and costs. Best Estimate is considered to be the best estimate of the quantity of resources that will actually be recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. Those resources that fall within the best estimate have a 50 percent confidence level that the actual quantities recovered will equal or exceed the estimate. Low Estimate is considered to be a conservative estimate of the quantity of resources that will actually be recovered. It is likely that the actual remaining quantities recovered will exceed the low estimate. Those resources at the low end of the estimate range have the highest degree of certainty - a 90 percent confidence level - that the actual quantities recovered will equal or exceed the estimate. High Estimate is considered to be an optimistic estimate of the quantity of resources that will actually be recovered. It is unlikely that the actual remaining quantities of resources recovered will meet or exceed the high estimate. Those resources at the high end of the estimate range have a lower degree of certainty - a 10 percent confidence level - that the actual quantities recovered will equal or exceed the estimate.

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