

Paramount Resources Ltd.

Paramount Resources Ltd. Announces the Offering of an Additional \$70 Million of Its 8.25% Notes Due 2017

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Paramount Resources Ltd. (TSX:POU) has agreed to sell an additional \$70 million of its 8.25% senior unsecured notes due 2017 (the "Notes") at a premium price of \$1,030 per \$1,000 principal amount to a syndicate of underwriters for public offering in Canada. The offering of additional Notes is expected to close on or about February 4, 2011. Proceeds from the offering will be used for capital expenditures and general corporate purposes.

The underwriting syndicate is led by RBC Capital Markets, as sole bookrunner, and also includes BMO Capital Markets and Scotia Capital Inc. (collectively, the "Underwriters").

The offering of additional Notes is being made by way of a prospectus supplement to Paramount's short form base shelf prospectus dated October 29, 2010. 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 additional Notes in any jurisdiction.

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 within the meaning of applicable securities laws. Forward-looking statements include estimates, plans, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. This news release contains forward-looking statements with respect to the timing and completion of the offering of additional Notes and the use of proceeds of the offering. Although Paramount believes that the expectations reflected in such forward-looking statements are reasonable, undue reliance should not be placed on them because Paramount cannot give any assurance that such expectations will prove to be correct. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements include general economic, business and market conditions, industry conditions, stock market and commodity price volatility and difficulty in obtaining required regulatory approvals. Paramount undertakes no obligation to update its forward-looking statements except as required by applicable laws.

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