

Paramount Resources Ltd. Announces Increase to Previously Announced Flow-Through Share Offerings to \$125 Million

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Paramount Resources Ltd. (TSX:POU) ("Paramount" or the "Company") has announced today that, due to strong demand, Paramount has increased the size of its previously announced public offering of Class A Common Shares ("Common Shares") to be issued on a "flow-through" basis in respect of Canadian exploration expenses ("CEE") to 1,936,000 Common Shares at a price of \$31.00 per share for gross proceeds of \$60,016,000. In addition, the Company is also issuing 356,000 Common Shares to be issued on a "flow-through" basis in respect of Canadian development expenses ("CDE") at a price of \$28.15 per share, for gross proceeds of \$10,021,400. The offering is being led by BMO Capital Markets. The Common Shares will be offered for sale to the public in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Nova Scotia by way of a short-form prospectus. Closing of the offering is expected to occur on or about October 2, 2012.

In conjunction with this offering, Paramount also intends to issue to Clayton H. Riddell or companies controlled by Mr. Riddell, Paramount's Chairman and Chief Executive Officer, by way of private placement, 646,000 Common Shares to be issued on a "flow-through" basis in respect of CEE and 1,244,000 Common Shares to be issued on a "flow-through" basis in respect of CDE, at the same prices as the public offering, for aggregate gross proceeds of \$55,044,600. Closing of the private placement is expected to occur on or before the closing date of the public offering.

The gross proceeds from the offerings will be used by Paramount to incur eligible CEE and CDE. The completion of the offerings is subject to Paramount receiving all necessary regulatory approvals.

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".

Advisory Regarding Forward-Looking Statements

Certain statements in this news release constitute forward-looking information under applicable securities legislation. Forward-looking information typically contain statements with words such as "anticipate", "believe", "expect", "plan", "intend", "continue", "estimate", "propose", "budget", "forecast", "outlook", "may", "will", "could", "potential", "target" or similar words suggesting future outcomes or statements regarding an outlook. In particular, this news release contains, without limitation, forward-looking statements pertaining to the timing and receipt of necessary approvals and the anticipated completion of the offerings and the use of proceeds therefrom; the outcome of diligence reviews and negotiations concerning the expansion of the Company's credit facility including the size, timing and terms thereof; the timing of the construction and expansion of the Company's Kaybob deep cut natural gas processing facilities; the negotiation and completion of arrangements concerning the sale and/or export of Paramount's NGL. Forward-looking statements include estimates, plans, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. Although Paramount believes that the expectations reflected in such forward looking information are reasonable, undue reliance should not be placed on them as Paramount cannot give any assurance that such expectations will prove to be correct. Forward-looking information is based on current 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. Information regarding factors that affect Paramount's future results are set forth in documents filed by Paramount with the Canadian securities regulatory authorities and available on www.sedar.com. The forward-looking information in this news release 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 information, 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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