



**PARAMOUNT RESOURCES LTD.**

Calgary, Alberta

May 31, 2011

**NEWS RELEASE: PARAMOUNT RESOURCES LTD. COMPLETES THE ACQUISITION OF PROSPEX RESOURCES LTD.**

Paramount Resources Ltd. ("Paramount") has completed the acquisition of ProspEx Resources Ltd. ("ProspEx") pursuant to an arrangement under the *Business Corporations Act* (Alberta), with 99.9% of the ProspEx shares voted at ProspEx's shareholders meeting in respect of the arrangement being voted in favour of the transaction.

As a result of pro-rationing under the arrangement based on the elections received, ProspEx shareholders who elected to receive cash for their ProspEx shares will receive cash consideration for approximately 55% of their ProspEx shares and for the remainder of their ProspEx shares will receive 0.07162 of a Class A Common Share of Paramount for each of such shares.

Paramount issued a total of 2,000,000 Class A Common Shares and paid an aggregate of approximately \$64.8 million in cash to acquire the ProspEx shares it did not already own (being approximately 91% of ProspEx's outstanding shares). ProspEx's shares will be delisted from the Toronto Stock Exchange by the end of this week.

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".

For further information, please contact:

Paramount Resources Ltd.  
J.H.T. (Jim) Riddell, President and Chief Operating Officer  
B.K. (Bernie) Lee, Chief Financial Officer  
Phone: (403) 290-3600  
Fax: (403) 262-7994