



Paramax Resources Ltd. Announces Closing of \$8.25 Million Bought Deal Equity Financing

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Calgary, Alberta

May 18, 2010

Paramax Resources Ltd. (“Paramax” or the “Company”) (TSX-V: PXM) is pleased to announce that it has closed its previously announced bought deal equity financing with a syndicate of underwriters co-led by Canaccord Genuity Corp. and Byron Securities Ltd. and including PI Financial Corp., Thomas Weisel Partners and Wellington West Capital Markets Inc. (the “Underwriters”), pursuant to which the Underwriters purchased, 16,500,000 units of the Company at a price of \$0.50 per unit (“Unit”) for total gross proceeds of \$8,250,000 (the “Offering”). This includes the Underwriters’ decision to purchase an additional 1,500,000 Units pursuant to the Underwriters’ option. Each Unit is comprised of one common share and one half common share purchase warrant, with each whole common share purchase warrant entitling the holder thereof to acquire one Paramax common share at a price of \$0.80 for a period of 24 months following closing. All of the securities issued in connection with the Offering are subject to a four month hold period in accordance with applicable securities laws and TSX Venture Exchange policy.

The warrants are subject to accelerated expiry if the volume weighted average trading price of the Company’s common shares exceeds \$1.00 for 20 consecutive trading days. If at any time after the date that is 4 months and one day after the closing date of the Offering the volume weighted average trading price for the Company’s common shares on the TSX Venture Exchange (or such other stock exchange on which such shares are listed) is \$1.00 or greater for 20 consecutive trading days, the Company may, within five days after such an event, provide notice (by issuing a news release) to the holders of the warrants of early expiry and thereafter, the warrants will expire on the date which is 30 days after the date of the notice to such holders of warrants.

The Company intends to use the net proceeds from the Offering for capital expenditures related to its Idaho Project and general corporate purposes.

In consideration for their efforts, the Underwriters will receive a cash commission equal to 6% of the gross proceeds of the Offering and be issued compensation options that will entitle them to acquire that number of Paramax common shares that is equal to 6% of the total Units sold under the Offering for a period of 12 months from the Closing Date.

Following the completion of the Offering, the Company has 127,087,200 common shares issued and outstanding. The Offering is subject to final TSX Venture Exchange acceptance.

This press release is not an offering of securities for sale in the United States. The Units have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an exemption from the registration requirements of that Act.

For further information please contact:

Joseph E. Casabona, CEO and President
(303) 619-8870
jcasabona@paramaxresources.com

Charidy Lazorko, CFO
(403) 262-7310
clazorko@paramaxresources.com

Dave Antony, Chairman
403-531-1710
dantony@paramaxresources.com

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release. Trading in the securities of the Company should be considered highly speculative.

Statements in this press release may contain forward-looking information including expectations of future operations, commerciality of any gas discovered, operating costs, commodity prices, administrative costs, commodity price risk management activity, acquisitions and dispositions, capital spending, access to credit facilities, income and oil taxes, regulatory changes, and other components of cash flow and earnings. The reader is cautioned that assumptions used in the preparation of such information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the company. These risks include, but are not limited to, the risks associated with the oil and gas industry, commodity prices and exchange rate changes. Industry related risks could include, but are not limited to, operational risks in exploration, development and production, delays or changes in plans, risks associated to the uncertainty of reserve estimates, or reservoir performance, health and safety risks and the uncertainty of estimates and projections of production, costs and expenses. The reader is cautioned not to place undue reliance on this forward-looking information.