



PRESS RELEASE

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PARAMOUNT ENERGY TRUST ANNOUNCES EQUITY FINANCING

May 7, 2003 - Paramount Energy Trust ("PET") (TSX – PMT.UN) is pleased to announce that it has filed a preliminary prospectus and entered into an agreement to sell 4,350,000 Trust Units at \$12.65 each to raise gross proceeds of \$55,027,500 on a bought deal basis. PET has granted the underwriters an option (the "Underwriters' Option"), exercisable in whole or in part prior to closing, to purchase up to an additional 650,000 Trust Units at the same offering price. Should the Underwriters' Option be fully exercised, the total gross proceeds of the financing will be \$63,250,000. The issue will be offered in all provinces of Canada. Closing of the offering is expected to occur on May 30, 2003, subject to regulatory approvals. Purchasers of Trust Units under this offering will be entitled to receive the distribution to be paid on or about June 16, 2003 to unitholders of record on May 30, 2003.

The net proceeds of this offering will be used by PET to repay a portion of its indebtedness incurred to fund development expenditures and the recently completed property acquisitions. In addition, the offering will strengthen PET's balance sheet and facilitate future acquisitions and ongoing development activities on PET's existing assets.

Paramount Energy Trust is a natural gas-focussed Canadian energy trust. PET's Trust Units are listed on the Toronto Stock Exchange under the symbol "PMT.UN".

This news release shall not constitute an offer to sell, or the solicitation of an offer to buy, Trust Units in the United States, or any province or territory of Canada, nor shall there be any sale of the Trust Units in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The Trust Units offered will not be, and have not been, registered under the United States Securities Act of 1933 and may not be offered or sold in the United States absent registration or applicable exemption from the registration requirement.

For further information with respect to PET please visit our website at www.paramountenergy.com or contact:

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The Toronto Stock Exchange has neither approved nor disapproved the information contained herein.

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