



## NEWS RELEASE

### **PARAMOUNT ENERGY TRUST ANNOUNCES CLOSING OF \$208.3 MILLION NATURAL GAS ASSET ACQUISITION**

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DISTRIBUTION IN THE UNITED STATES

CALGARY, August 17, 2004 (PMT.UN - TSX) – Paramount Energy Trust ("PET" or the "Trust") is pleased to announce that it has completed its previously announced indirect acquisition of natural gas assets in Northeast Alberta for total consideration of \$208.3 million (the "Acquisition"). The transaction has an effective date of July 1, 2004. PET financed the Acquisition with a \$144 million bought deal financing with a syndicate of underwriters completed on August 10, 2004 and available credit facilities.

Production from the acquired assets is approximately 47.5 MMcf/d of natural gas and the Acquisition increases PET's overall current production to approximately 139 MMcf/d. This transaction also increases the Trust's total proved and probable reserves by 84 Bcf (43 percent) to approximately 280 Bcf.

Under the bought deal financing, completed on August 10, 2004, PET issued 7,795,547 subscription receipts (the "Subscription Receipts") at a price of \$12.35 per Subscription Receipt for gross proceeds of \$96,275,005. In addition, an additional \$48 million was raised through the issuance of convertible extendible unsecured subordinated debentures with an 8% coupon rate and a conversion price of \$14.20 per Trust Unit.

With the closing of the Acquisition, trading in the Subscription Receipts will be halted, and the Subscription Receipts will remain halted until the close of business today, August 17, at which time they will be de-listed. Holders of Subscription Receipts will receive one Trust Unit for each Subscription Receipt held, effective today, August 17. PET's previously-announced cash distribution of \$0.20 per Trust Unit for August 2004 will be paid on September 15 to Unitholders of record at the close of business on August 31, 2004. Holders of Subscription Receipts will be entitled as Unitholders to receive that distribution, provided they continue to hold their units on the record date.

As the Subscription Receipts trade in the "book-entry" system and no individual certificates are issued except in limited circumstances, holders of Subscription Receipts are not required to take any action in order to receive the Trust Units to which they are entitled.

In addition, with of the closing of the Acquisition, the maturity date of the \$48 million 8% convertible debentures has been automatically extended from September 30, 2004 to September 30, 2009. The TSX trading symbol of the debentures is PMT.DB.

## **About PET**

Paramount Energy Trust is a natural gas-focused Canadian energy trust. PET's Trust Units are listed on the Toronto Stock Exchange under the symbol "PMT.UN". Further information with respect to PET can be found at its website at [www.paramountenergy.com](http://www.paramountenergy.com).

### **FOR ADDITIONAL INFORMATION, PLEASE CONTACT:**

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

**ADVISORY:** Certain information regarding Paramount Energy Trust including management's assessment of future plans and operations, may constitute forward-looking statements under applicable securities law and necessarily involve risks, including, without limitation, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, regulatory risks, environmental risks, competition, incorrect assessment of the value of acquisitions, failure to realize the anticipated benefits of acquisitions and ability to access sufficient capital from internal and external source; as a consequence, actual results may differ materially from those anticipated in the forward-looking statements. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect PET's operations or financial results are included in PET's reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website ([www.sedar.com](http://www.sedar.com)), at PET's website ([www.paramountenergy.com](http://www.paramountenergy.com)) or by contacting PET. Furthermore, the forward-looking statements contained in this news release are made as of the date of this news release, and PET does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise.