



## PRESS RELEASE

### PARAMOUNT ENERGY TRUST ANNOUNCES FEBRUARY 2004 DISTRIBUTION AND DISTRIBUTION REINVESTMENT AND OPTIONAL TRUST UNIT PURCHASE PLAN

**February 18, 2004** Paramount Energy Trust ("PET" or the "Trust") (TSX – PMT.UN) is pleased to announce that its distribution on March 15, 2004 in respect of income received by PET for the month of February 2004, for Unitholders of record on February 27, 2004, will be \$0.16 per Trust Unit. The ex-distribution date is February 25, 2004. This brings cumulative distributions paid to-date to \$3.244 per Trust Unit. It is expected that this newly-established level of monthly distribution will be sustainable for the foreseeable future assuming the current forward market for natural gas prices, the shut-in of additional volumes of gas due to the gas/bitumen issue as recommended by the AEUB Staff Submission Group ("SSG") and that compensation for such shut-in, other than the temporary financial assistance program presently in place, is delayed beyond the date of shut-in.

The implications of AEUB General Bulletin 2003-28 on PET's gas production have been described in earlier press releases and discussed in other forums. PET continues to pursue all avenues to preserve its production base and Unitholders' value pursuant to its fundamental belief that no gas production in northeast Alberta poses a threat to ultimate commercial bitumen recovery that cannot be alleviated by technological solutions. PET and others are also continuing with legal challenges to the AEUB process. Furthermore, on February 23, 2004 PET will file written evidence with the AEUB in support of its objections to recommendations for shut-in of certain wells by the SSG. Interim hearings on the matter are scheduled to begin March 8, 2004. The outcomes and timing of the AEUB hearing process, the legal proceedings and the ongoing discussions with the Government of Alberta regarding financial assistance are all not determinable at this time but could have a significant effect on the Trust's future production, cash flow and distributable income. While the negative effect of the potential shut-in of additional gas has been considered in the newly-established distribution level, potential positive effects related to these latter factors have not.

PET is also pleased to announce that all required regulatory approvals for a Distribution Reinvestment and Optional Trust Unit Purchase Plan (the "DRIP Plan") for eligible Unitholders of the Trust have now been received. To the best of PET's knowledge, this DRIP Plan is the most attractive in the Oil and Gas Royalty Trust Sector. The DRIP Plan provides Unitholders with the opportunity to reinvest monthly cash distributions to acquire additional Trust Units at 94 percent of the Treasury Purchase Price, which is defined as the daily volume weighted average trading prices of the Trust Units for the 10 trading days immediately preceding a distribution payment date. As well, subject to thresholds and restrictions described in the DRIP Plan, it contains a provision for the purchase of additional Trust Units with Optional Cash Payments of up to \$100,000 per Participant per financial year of PET to acquire additional Trust Units at the same six percent discount to the Treasury Purchase Price. Of further note, no additional commissions, service or brokerage fees will be charged to the Unitholder for these transactions.

PET has determined that Unitholders who are U.S. Persons as defined in the DRIP Plan may participate in the distribution reinvestment component of the DRIP Plan, but U.S. Persons are **not eligible** to make Optional Cash Payments under the DRIP Plan. Unitholders who are residents of any other jurisdiction outside of Canada (other than the United States) may participate fully in the DRIP Plan if permitted by laws of the jurisdiction in which they reside, subject to any limitations or restrictions under the DRIP Plan.

At the same time as affording eligible Unitholders the opportunity to purchase PET Trust Units at a discount to market, the DRIP Plan establishes an efficient, convenient and cost-effective way for PET to issue additional equity to its existing Unitholders to finance value-adding activities. The full text of the DRIP Plan, a Frequently Asked Questions document and the Distribution Reinvestment Authorization and Optional Cash Payment Forms will be mailed to Unitholders in the near future. In addition, such materials are available on PET's website at [www.paramountenergy.com/Investor Relations/DRIP](http://www.paramountenergy.com/Investor%20Relations/DRIP) or by contacting PET's Investor Relations department directly at the numbers indicated below. For beneficial owners of Units held through a broker, financial institution, investment advisor or other nominee holder, enrolment in the DRIP Plan must be through the nominee holder. Brokers, financial institutions, investment advisors and nominee holders are encouraged to contact beneficial owners of Units to discuss enrolment in the DRIP Plan. For enrolment in the DRIP Plan to be effective for the March 15, 2004 distribution, the required forms must be received by the Agent, Computershare Trust Company of Canada by February 24, 2004.

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". Further information with respect to PET can be found at its website at [www.paramountenergy.com](http://www.paramountenergy.com).

This news release contains forward-looking information. Implicit in this information, particularly in respect of cash distributions, are assumptions regarding natural gas prices, production, royalties and expenses which, although considered reasonable by PET at the time of preparation, may prove to be incorrect. These forward-looking statements are based on certain assumptions that involve a number of risks and uncertainties and are not guarantees of future performance. Actual results could differ materially as a result of changes in PET's plans, changes in commodity prices, regulatory changes, general economic, market and business conditions as well as production, development and operating performance and other risks associated with oil and gas operations. There is no guarantee by PET that actual results achieved will be the same as those forecast herein.

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

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