



## **PRESS RELEASE**

### **PARAMOUNT ENERGY TRUST ADVISES ON 2003 U.S. INCOME TAX REPORTING**

**February 19, 2004.** The following information is being provided to assist individual U.S. Unitholders of Paramount Energy Trust in reporting distributions received from Paramount Energy Trust on their IRS Form 1040 – U.S. Individual Income Tax Return for the calendar year 2003.

#### **Trust units held within a Qualified Retirement Plan**

No amounts are required to be reported on an IRS Form 1040 – U.S. Individual Income Tax Return where the Paramount Energy Trust units are held within a qualified retirement plan.

#### **Trust Units held outside of a Qualified Retirement Plan**

Paramount Energy Trust, in consultation with its tax advisors, is of the view that the 2003 distributions paid to non-corporate Unitholders who are U.S. residents are “Qualified Dividends” under the Jobs and Growth Tax Relief Reconciliation Act of 2003 and therefore the amounts shown in the table below as “Taxable Qualified Dividends” should be reported on Line 9b of the U.S. federal income tax return unless the fact situation of the U.S. individual Unitholders determines otherwise. Commentary on page 23 of the IRS 2003 Form 1040 instruction booklet with respect to “Qualified Dividends” provides examples of individual situations where the dividends would not be “Qualified Dividends”. Where, due to individual situations, the dividends are not “Qualified Dividends”, the amount should be reported on Schedule B – Part 11 – Ordinary Dividends, Line 9a of your U.S. federal income tax return.

The amounts shown in the table below as “Non-Taxable Return of Capital” are generally non-taxable. This amount is non-taxable if it is a return of your cost (or other basis) in the Trust Units. You must reduce your cost (or other basis) by this amount for calculating capital gain or loss when you sell your Units. If this amount exceeds your cost (or other basis), report the excess as a capital gain.

Canadian withholding tax should be reported on Form 1116 “Foreign Tax Credit (Individual, Estate, or Trust)”. Information regarding the amount of Canadian tax withheld in 2003 should be available from your stockbroker or other intermediary and is not available from Paramount Energy Trust.

#### **Summary of U.S. Tax Information**

The following table provides, on a per unit basis, the breakdown of the amount of cash distributions, prior to Canadian withholding tax, paid by Paramount Energy Trust for the period April 15, 2003 to December 31, 2003. The amounts are segregated between the portion of the cash distribution that should be reported as Qualified Dividends and the portion reported as Non-taxable Distributions. The amounts shown on the attached schedule are in U.S. dollars as converted on the applicable payment dates.

**PARAMOUNT ENERGY TRUST UNITS  
2003 CASH DISTRIBUTION INFORMATION  
FOR BENEFICIAL U.S. UNITHOLDERS  
(U.S. \$/Unit)**

<b>Record Date</b>	<b>Payment Date</b>	<b>Distribution Paid CDN\$</b>	<b>Exchange Rate</b>	<b>Distribution Paid US\$</b>	<b>Taxable Qualified Dividend US\$</b>	<b>Non-Taxable Return of Capital US\$</b>
March 31, 2003	April 15, 2003	.830	0.6889	0.572	0.273	0.299
April 30, 2003	May 15, 2003	.277	0.7267	0.201	0.096	0.105
May 30, 2003	June 16, 2003	.277	0.7467	0.207	0.099	0.108
June 30, 2003	July 15, 2003	.250	0.7179	0.179	0.085	0.094
July 31, 2003	August 15, 2003	.250	0.7209	0.180	0.086	0.094
August 29, 2003	September 15, 2003	.200	0.7321	0.146	0.070	0.076
September 30, 2003	October 15, 2003	.200	0.7552	0.151	0.072	0.079
October 31, 2003	November 17, 2003	.200	0.7612	0.152	0.073	0.079
November 28, 2003	December 15, 2003	.200	0.7614	0.152	0.073	0.079
<b>TOTAL PER UNIT</b>		2.684		1.940	0.927	1.013

**This information is not exhaustive of all possible U.S. income tax considerations, but is a general guideline and is not intended to be legal or tax advice to any particular holder or potential holder of Paramount Energy Trust units. Holders or potential holders of Paramount Energy Trust units should consult their own legal and tax advisors as to their particular tax consequences of holding Paramount Energy Trust units as well as to determine whether claiming a credit or deduction for foreign income taxes is more beneficial for you.**

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).

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

FOR FURTHER INFORMATION, PLEASE CONTACT:

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