



PRESS RELEASE

PARAMOUNT ENERGY TRUST ANNOUNCES DIVERSIFYING ACQUISITION AND CASH FLOW GUIDANCE

January 27, 2004 Paramount Energy Trust ("PET or the "Trust") (TSX – PMT.UN) is pleased to announce that it has entered into a Purchase and Sale Agreement to acquire an average 83% operated interest in assets in the Marten Hills area of Northeast Alberta. The purchase price is \$30.3 million effective January 1, 2004 and PET will utilize available credit facilities to acquire this property.

The 100% natural gas assets are located in close proximity to the Trust's Northeast Alberta West Side Core Area but well outside the defined boundaries of the Alberta Energy and Utilities Board ("EUB") gas/bitumen area of concern. The assets are an excellent fit with PET's existing operations and will be managed from the Trust's Athabasca field office.

This strategic acquisition adds current daily production of approximately 7.4 MMcf/d of natural gas or 1,235 barrels of oil equivalent per day. Proved reserves, as evaluated by independent reserve evaluators, in accordance with National Instrument NI 51-101 are 7.9 BCF on a proved basis and 9.6 BCF on a proved plus probable basis. PET has identified significant multi-zone upside potential associated with the 23,000 net acres of undeveloped land as well as numerous reactivation and recompletion opportunities in existing wells, some of which will be pursued this winter.

PET will continue to pursue opportunities which will add to Unitholder value as the Trust proceeds in executing its going-concern business plan.

This acquisition, which is expected to close on or about February 5, 2004, will increase the Trust's daily production 9 percent to approximately 90 MMcf/d. This volume does not include the 7.9 MMcf/d that was shut-in on September 1, 2003 pursuant to EUB General Bulletin GB 2003-28. Including the Marten Hills acquisition and excluding any further shut-in volumes related to the gas/bitumen issue, the Trust currently forecasts 2004 production to average approximately 83 MMcf/d.

The following table presents estimated 2004 monthly average cash flow per unit at various assumed average annual gas prices and production levels and assuming no compensation for any gas/bitumen shut-in production beyond the current interim financial assistance. Additional information with respect to the gas/bitumen issue and its possible effects on the Trust can be found on the Trust's website at www.paramountenergy.com/investor_relations/gas-bitumen_issue. Current average calendar 2004 AECO gas prices are approximately \$6.00/GJ.

Production (MMcf/d)	Average 2004 AECO Gas Price (\$/GJ)				
	\$5.00	\$5.50	\$6.00	\$6.50	\$7.00
	Average 2004 Cash Flow (\$/Unit/Month)				
85	0.171	0.186	0.204	0.222	0.241
80	0.162	0.176	0.193	0.209	0.226
75	0.154	0.166	0.181	0.197	0.212
70	0.146	0.157	0.170	0.184	0.198

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.

This news release contains forward-looking information. 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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