



NEWS RELEASE

PARAMOUNT ENERGY TRUST CONFIRMS JUNE 2004 DISTRIBUTION

Calgary, AB – June 21, 2004 - Paramount Energy Trust (“PET” or the “Trust”) is pleased to confirm that its distribution to be paid on July 15, 2004 in respect of income received by PET for the month of June 2004, for Unitholders of record on June 30, 2004, will be \$0.16 per Trust Unit. The ex-distribution date is June 28, 2004. This brings cumulative distributions paid in 2004 to \$1.00 per Trust Unit and from inception of the Trust to-date to \$3.884 per Trust Unit. It continues to be expected that this level of monthly distribution will be sustainable for the foreseeable future assuming:

1. the current forward market for natural gas prices; and
2. the shut-in of additional volumes of gas effective July 1, 2004 due to the gas over bitumen issue as ordered by the Alberta Energy and Utilities Board (“AEUB”) in Interim Shut-In Orders 04-001 and 04-002 released June 8, 2004.

The current level of distributions does not take into account any future financial solution with the Government of Alberta to compensate the Trust for shut-in gas volumes other than the current temporary financial assistance program of \$0.60 per Mcf of foregone production which is currently received in the form of a royalty reduction on a monthly basis. However, the Department of Energy has indicated its intention to reach a final financial solution to the gas over bitumen issue in a timely fashion. Further, the current level of distributions does not include incremental cash flows which will accrue to PET from the pending acquisition of Cavell Energy Corporation (“Cavell”). This transaction is expected to close in mid-July. The Trust intends to include any incremental distributable income from further future royalty reductions as a result of the the gas over bitumen issue and the Cavell acquisition in its monthly distributions once such arrangements are finalized.

The Trust currently has approximately 4.5 MMcf/d of net gas production shut-in as a result of General Bulletin (“GB”) 2003-28 and Interim Shut-In Order 03-001 issued July 22, 2003. The AEUB has ordered that an additional 14 to 15 MMcf/d of gas production net to PET be shut-in on July 1, 2004 as a result of AEUB Decision 2004-045. With the interim hearing proceedings of Phase 3 of GB 2003-28 now complete, PET plans to pursue the appeal of GB 2003-28, pursuant to the leave application which was granted by the Alberta Court of Appeal on January 28, 2004. The schedule for the Court to hear this appeal application is yet to be determined. Furthermore, PET has filed an application for Leave to Appeal and a Stay of Decision 2004-045 and Shut-In Orders 04-001 and 04-002. This application will be heard by the Alberta Court of Appeal on July 6, 2004. PET will continue to aggressively pursue all avenues to preserve its asset base and Unitholder value affected by this regulatory issue.

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, 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.

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.

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

FOR ADDITIONAL INFORMATION, PLEASE CONTACT:

Paramount Energy Operating Corp, administrator of Paramount Energy Trust
Suite 500, 630 – 4 Avenue SW Calgary, Alberta, Canada T2P 0J9

Susan L. Riddell Rose	President & Chief Operating Officer
Cameron R. Sebastian	Vice President, Finance and CFO
Gary C. Jackson	Vice President, Land, Legal and Acquisitions

Telephone: (403) 269-4400 Fax: (403) 269-6336 Email: info@paramountenergy.com