



## NEWS RELEASE

### PARAMOUNT ENERGY TRUST ANNOUNCES CLOSING OF EQUITY FINANCING

May 18, 2004 - Paramount Energy Trust ("PET") (TSX – PMT.UN) announced today the closing of its offering of 4,500,000 Trust Units at \$11.20 each for gross proceeds of \$50,400,000, which includes the exercise in full of the underwriters' option to purchase 900,000 Trust Units. The underwriting syndicate was co-led by BMO Nesbitt Burns Inc. and CIBC World Markets Inc., and included TD Securities Inc., Scotia Capital Inc., National Bank Financial Inc., FirstEnergy Capital Corp., and Peters & Co. Limited. Purchasers of Trust Units under this offering are entitled to receive the distribution to be paid on or about June 15, 2004.

The net proceeds of this offering will be used by PET to repay a portion of its bank indebtedness incurred to fund development expenditures and to acquire Epect Exploration Ltd. in November, 2003 and the Marten Hills assets in February, 2004. In addition, this offering will strengthen PET's balance sheet and facilitate future acquisitions and ongoing development activities on the Trust's existing assets.

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".

This news release shall not constitute an offer to sell, or the solicitation of an offer to buy, Trust Units in the United States, or any province or territory of Canada, nor shall there be any sale of the Trust Units in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The Trust Units offered will not be, and have not been, registered under the United States Securities Act of 1933 and may not be offered or sold in the United States absent registration or applicable exemption from the registration requirement.

#### FOR FURTHER INFORMATION, PLEASE CONTACT:

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

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