



FOR IMMEDIATE RELEASE

PARAMOUNT ENERGY TRUST ANNOUNCES SEPTEMBER 2004 DISTRIBUTION PAYABLE OCTOBER 15, 2004

Calgary, AB – September 20, 2004 - Paramount Energy Trust ("PET" or the "Trust") (TSX – PMT.UN) is pleased to announce that its distribution to be paid on October 15, 2004 in respect of income received by PET for the month of September 2004, for Unitholders of record on September 30, 2004, will be \$0.20 per Trust Unit. The ex-distribution date is September 28, 2004. This brings cumulative distributions paid in 2004 to \$1.58 per Trust Unit and from inception of the Trust to-date to \$4.464 per Trust Unit. It is expected that this level of monthly distributions of \$0.20 per Unit per month will be sustainable for the remainder of 2004 and the foreseeable future assuming the current forward market for natural gas prices.

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. The Trust intends to include any incremental distributable income from further future royalty reductions as a result of the the gas over bitumen issue in its monthly distributions once such arrangements are finalized.

About PET

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". The Trust participated in the recent Peters & Co. Limited 2004 North American Oil & Gas Conference on September 16, 2004 in Toronto. The webcast can be viewed at http://www.paramountenergy.com/investor_relations/virtual_investor_kit.html in the Current Presentations and Webcasts section of PET's website.

Forward-looking Information

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,

regulatory 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.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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