



FOR IMMEDIATE RELEASE

**PARAMOUNT ENERGY TRUST CONFIRMS
FEBRUARY DISTRIBUTION AND UPDATES GAS OVER
BITUMEN ISSUE**

*Distribution Held at \$0.22 per Unit;
Minimal Additional Gas Exposed to Gas over Bitumen Issue*

Calgary, AB – February 16, 2005 - Paramount Energy Trust (“PET” or the “Trust”) (TSX – PMT.UN) is pleased to confirm that its distribution to be paid on March 15, 2005 in respect of income received by PET for the month of February 2005, for Unitholders of record on February 28, 2005, will be \$0.22 per Trust Unit. The ex-distribution date is February 24, 2005. This represents the second consecutive payment of \$0.22 following implementation of the gas over bitumen financial solution announced by the Trust in January.

Cumulative distributions paid since the inception of the Trust to-date are \$5.504 per Trust Unit, representing a return of approximately 109 percent in the form of distributions alone on the Trust’s February 2003 Rights Offering which was priced at \$5.05 per Trust Unit.

PET expects that monthly cash distributions will be maintained at \$0.22 per Trust Unit in respect of production for the remainder of the first quarter of 2005. PET estimates that this level of monthly distributions of \$0.22 per Unit per month will be sustainable for the foreseeable future, based upon the Trust’s current hedges and the forward market for natural gas prices, however distributions are subject to change as dictated by actual conditions.

With respect to the gas over bitumen issue, parties wishing to contest the production status of an interval or intervals were required to file evidence with the Alberta Energy and Utilities Board (“AEUB”) by February 14, 2005 for the Final Hearing pursuant to Phase 3 of the AEUB Bitumen Conservation Requirements. PET filed detailed evidence supporting the resumption of production for six pools representing approximately 8.5 MMcf/d of shut-in production or half of the production the Trust currently has shut-in pursuant to AEUB Order. PET reiterated to the AEUB its intention to continue to object to all wells that have been shut-in as a result of the Interim Hearing, based on the new evidence that the Trust has submitted. In addition PET has reviewed the evidence submissions of all other parties and found that five additional producing wells,

representing a total of less than 200 Mcf per day net to the Trust, have been recommended for shut-in. As a result PET concludes that it will have very little incremental gas beyond that already shut-in, subject to review at the Final Hearing. Therefore any changes in productive status resulting from the Final Hearing should result in increased gas production for PET. The Board intends to make final decisions and issue final orders, when appropriate, confirming the production status of every interval within the scope of the Phase 3 Proceedings, including those intervals whose production status is not contested in the final hearing. PET anticipates final decisions will be issued in late 2005 or early 2006 after the conclusion of the Final Hearing.

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 also has convertible debentures listed under the symbol "PMT.DB"

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.

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