



NEWS RELEASE

PARAMOUNT ENERGY TRUST CONFIRMS JUNE 2005 DISTRIBUTION

Calgary, Alberta – June 21, 2005 (TSX – PMT.UN) Paramount Energy Trust (“PET” or “the Trust”) is pleased to confirm that its distribution to be paid on July 15, 2005 in respect of income received by PET for the month of June 2005, for Unitholders of record on June 30, 2005, will be \$0.22 per Trust Unit. The ex-distribution date is June 28, 2005. This brings cumulative distributions in respect of PET’s income in 2005 to \$1.32 per Trust Unit and cumulative distributions paid since the inception of the Trust to-date to \$6.384 per Trust Unit, representing a return of approximately 126 percent in the form of distributions alone on the Trust’s February 2003 Rights Offering at the start-up of the Trust which was priced at \$5.05 per Trust Unit.

PET projects that monthly cash distributions are sustainable at \$0.22 per Trust Unit for the remainder of 2005 and for the foreseeable future, based upon the Trust’s current hedges and the forward market for natural gas prices. With the Trust’s current estimates for production, natural gas prices and cash flow, this level of distribution reflects a payout ratio going forward for the foreseeable future of approximately 70 percent of PET’s estimated distributable income. Future distributions are subject to change as dictated by changes in commodity price markets, operations and future business development opportunities.

The Trust is currently underway in the execution of a \$15 million capital expenditure program, planned for the remainder of 2005 and focussed on production and reserve additions from its year-round access areas. This will bring expected capital expenditures for 2005 to \$55 million in total, with production additions offsetting the natural production declines on the Trust’s base assets.

Paramount Energy Trust is a natural gas-focussed Canadian energy trust. PET's trust units are listed on the TSX under the symbol "PMT.UN". Further information with respect to PET can be found at its website at www.paramountenergy.com.

FOR FURTHER INFORMATION, PLEASE CONTACT:

Paramount Energy Operating Corp., administrator of Paramount Energy Trust

Suite 500, 630 - 4 Avenue S.W., Calgary, AB T2P 0J9

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

Susan L. Riddell Rose, President and Chief Executive Officer

Cameron R. Sebastian, Vice President, Finance and Chief Financial Officer

Sue M. Showers, Investor Relations Advisor

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

ADVISORY: Certain information regarding Paramount Energy Trust including management's assessment of future plans and operations, may constitute forward-looking statements under applicable securities law and necessarily involve risks, including, without limitation, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition, incorrect assessment of the value of acquisitions, failure to realize the anticipated benefits of acquisitions and ability to access sufficient capital from internal and external source; as a consequence, actual results may differ materially from those anticipated in the forward-looking statements. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect PET’s operations or financial results are included in PET’s reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com), at PET’s website (www.paramountenergy.com) or by contacting Paramount Energy Trust. Furthermore, the forward-looking statements contained in this news release are made as of the date of this news release, and PET does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise.