



NEWS RELEASE

PARAMOUNT ENERGY TRUST ANNOUNCES AN INCREASE TO DISTRIBUTIONS FOR SEPTEMBER 2005 AND INDEX INCLUSION

Monthly Distribution Increased Nine Percent to \$0.24

Calgary, Alberta – September 21, 2005 (TSX – PMT.UN) Paramount Energy Trust (“PET” or “the Trust”) is pleased to announce that its distribution to be paid on October 17, 2005 in respect of income received by PET for the month of September 2005, for Unitholders of record on September 30, 2005, will be \$0.24 per Trust Unit, an increase of 9 percent from the previous \$0.22 per Trust Unit which PET had paid in each of the last eight months. The ex-distribution date is September 28, 2005. This brings cumulative distributions in respect of PET’s income in 2005 to \$2.00 per Trust Unit and cumulative distributions paid since the inception of the Trust to-date to \$7.064 per Trust Unit.

The increase in PET’s monthly distribution is in recognition of the stable production performance of the Trust’s assets as well as continued strength in natural gas prices. PET projects that monthly cash distributions are sustainable at \$0.24 per Trust Unit through at least 2007, based upon the Trust’s current hedges, physical forward natural gas sales 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 for 2006 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.

PET is also pleased to announce that the Trust has been advised by the Toronto Stock Exchange (“TSX”) that it is one of the oil and gas royalty trusts that will be added to the S&P/TSX Composite Index in the coming months. The Composite Index is the TSX’s most-watched index and PET’s inclusion therein is expected to provide increased visibility and liquidity for the Trust’s Units.

Paramount Energy Trust is a natural gas-focused Canadian energy trust. PET’s Trust Units and convertible debentures are listed on the Toronto Stock Exchange under the symbol PMT.UN, PMT.DB and PMT.DB.A. Further information with respect to PET can be found at its website at www.paramountenergy.com.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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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.