



NEWS RELEASE

PARAMOUNT ENERGY TRUST ANNOUNCES OCTOBER 2005 DISTRIBUTION

Calgary, Alberta – October 20, 2005 (TSX – PMT.UN) Paramount Energy Trust (“PET” or “the Trust”) is pleased to confirm that its distribution to be paid on November 15, 2005 in respect of income received by PET for the month of October 2005, for Unitholders of record on October 31, 2005, will be \$0.24 per Trust Unit. The ex-distribution date is October 27, 2005. This brings cumulative distributions in respect of PET’s income in 2005 to \$2.24 per Trust Unit and cumulative distributions paid since the inception of the Trust to-date to \$7.304 per Trust Unit.

PET continues to project 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.

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 symbols 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:

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

Sue Riddell Rose, President and Chief Executive Officer
Cam 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.