

**Paramount Energy Trust**  
**Amended Consolidated Balance Sheets**

As at	<b>June 30,</b> <b>2005</b>	<b>December 31,</b> <b>2004</b>
(\$ thousands)	(unaudited) (restated, note 2)	(audited)
<b>Assets</b>		
Current assets		
Accounts receivable	\$ 47,679	\$ 30,355
Property, plant and equipment (notes 4 and 5)	764,094	494,885
Goodwill (note 4)	29,129	29,698
Other assets (note 3)	9,331	1,773
	<u>\$ 850,233</u>	<u>\$ 556,711</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 24,128	\$ 21,674
Distributions payable	16,914	13,065
Bank and other debt (note 6)	230,633	171,698
	<u>271,675</u>	<u>206,437</u>
Gas over bitumen royalty adjustments (note 13)	26,306	11,200
Asset retirement obligations (note 10)	56,246	34,116
Convertible debentures (note 7)	132,641	38,419
Future income taxes	-	2,088
<b>Unitholders' equity</b>		
Unitholders' capital (note 8)	674,503	495,862
Contributed surplus (note 2)	3,082	4,536
Equity adjustments	(16,172)	(16,172)
Accumulated earnings	38,372	24,741
Accumulated distributions	(336,420)	(244,516)
	<u>363,365</u>	<u>264,451</u>
	<u>\$ 850,233</u>	<u>\$ 556,711</u>

See accompanying notes  
Basis of presentation: note 1  
Contingency: note 13  
Subsequent events: note 14

**Paramount Energy Trust**  
**Amended Consolidated Statements of Earnings and Accumulated Earnings**

	<b>Three Months</b>		<b>Six Months</b>	
	<b>Ended June 30</b>		<b>Ended June 30</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
(\$ thousands except per unit amounts, unaudited)	(restated, note 2)	(restated, note 2)	(restated, note 2)	(restated, note 2)
<b>Revenue</b>				
Natural gas	\$ 100,234	\$ 49,904	\$ 176,580	\$ 101,136
Royalties	(17,861)	(6,782)	(32,500)	(16,021)
	<u>82,373</u>	<u>43,122</u>	<u>144,080</u>	<u>85,115</u>
<b>Expenses</b>				
Operating	14,639	7,868	31,243	18,533
Transportation costs	3,312	2,118	6,290	4,342
Exploration expenses	10,136	514	11,182	1,073
General and administrative (notes 2 and 9)	4,243	2,244	6,545	3,964
Gas over bitumen costs (note 13)	59	438	703	979
Interest	2,138	650	3,776	1,778
Interest on convertible debentures	2,011	-	2,678	-
Depletion, depreciation and accretion	34,372	24,144	69,366	47,108
	<u>70,910</u>	<u>37,976</u>	<u>131,783</u>	<u>77,777</u>
<b>Earnings before income taxes</b>	<u>11,463</u>	<u>5,146</u>	<u>12,297</u>	<u>7,338</u>
Future income tax reduction	-	-	1,519	-
Capital taxes	(30)	-	(184)	-
	<u>(30)</u>	<u>-</u>	<u>(1,335)</u>	<u>-</u>
<b>Net earnings</b>	<u>11,433</u>	<u>5,146</u>	<u>13,632</u>	<u>7,338</u>
<b>Accumulated earnings net of distributions at beginning of period</b>	(261,179)	(102,006)	(219,776)	(80,917)
Distributions paid or payable	(48,302)	(22,973)	(91,904)	(46,254)
<b>Accumulated earnings net of distributions at end of period</b>	<u>\$(298,048)</u>	<u>\$(119,833)</u>	<u>\$(298,048)</u>	<u>\$(119,833)</u>
<b>Earnings per Trust Unit (note 8(c))</b>				
Basic	\$ 0.16	\$ 0.11	\$ 0.20	\$ 0.16
Diluted	\$ 0.15	\$ 0.11	\$ 0.19	\$ 0.16
<b>Distributions per Trust Unit</b>	<u>\$ 0.66</u>	<u>\$ 0.48</u>	<u>\$ 1.32</u>	<u>\$ 1.00</u>

See accompanying notes

**Paramount Energy Trust**  
**Amended Consolidated Statements of Cash Flows**

	<b>Three Months</b>		<b>Six Months</b>	
	<b>Ended June 30</b>		<b>Ended June 30</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	(restated, note 2)	(restated, note 2)	(restated, note 2)	(restated, note 2)
<b>(\$ thousands, unaudited)</b>				
<b>Cash provided by (used for)</b>				
<b>Operating activities</b>				
Net earnings	\$ 11,433	\$ 5,146	\$ 13,632	\$ 7,338
Items not involving cash				
Gas over bitumen royalty adjustments	10,347	-	15,106	-
Depletion, depreciation and accretion	34,372	24,144	69,366	47,108
Trust Unit compensation	512	551	880	1,036
Future income tax reduction	-	-	(1,519)	-
Amortization of other assets	219	-	219	-
Exploration expenses	9,608	72	9,608	287
Funds from operations	66,491	29,913	107,292	55,769
Change in non-cash working capital	(10,938)	499	(10,779)	5,961
Decrease in other assets	(219)	-	(219)	-
	55,334	30,412	96,294	61,730
<b>Financing activities</b>				
Issue of Trust Units	154,253	48,838	156,787	49,408
Distributions to Unitholders	(37,630)	(22,973)	(78,547)	(46,254)
Issue of Convertible Debentures	96,000	-	96,000	-
Change in bank and other debt	16,567	(48,576)	58,935	(17,151)
Change in non-cash working capital	2,983	736	3,376	(1,023)
	232,173	(21,975)	236,551	(15,020)
	\$ 287,507	\$ 8,437	\$ 332,845	\$ 46,710
<b>Investing activities</b>				
Acquisition of investments	-	-	(1,243)	-
Acquisition of properties and corporate assets	(257,960)	-	(284,908)	(32,954)
Exploration and development expenditures	(4,384)	(306)	(44,612)	(13,516)
Proceeds on sale of property and equipment	1,036	-	1,036	-
Change in non-cash working capital and asset retirement obligation	(26,199)	(8,131)	(3,118)	(240)
	\$(287,507)	\$(8,437)	\$(332,845)	\$(46,710)
Interest paid	\$ 3,164	\$ 555	\$ 6,935	\$ 1,439
Taxes paid	\$ 71	\$ -	\$ 105	\$ -

See accompanying notes

**PARAMOUNT ENERGY TRUST**  
**Notes to Amended Consolidated Financial Statements**  
(dollar amounts in \$thousands Cdn except as noted)

**1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES**

These amended interim consolidated financial statements of Paramount Energy Trust ("PET") have been prepared by management in accordance with Canadian generally accepted accounting principles following the same accounting principles and methods of computation as the amended consolidated financial statements for the year ended December 31, 2004 except as described below. The disclosures provided below are incremental to those included with the amended annual consolidated financial statements. The specific accounting principles used are described in the amended annual consolidated financial statements of the Trust and should be read in conjunction with these amended interim financial statements.

**2. AMENDMENT TO FINANCIAL STATEMENTS**

**Trust Unit-based compensation**

The Trust's amended financial statements as at June 30, 2005 and for the three and six month periods ended June 30, 2005 and June 30, 2004 have been restated to reflect the use of the binomial lattice option pricing model to value unit incentives.. The Trust had previously used the modified Black Scholes method for measuring fair value of unit incentives. PET believes the binomial lattice model provides a more accurate valuation than the modified Black Scholes model, particularly for unit incentive rights that feature a declining exercise price, such as those granted by PET.

The impact on 2004 and 2005 results of the retroactive application of the fair value method using the binomial lattice model is as follows:

<b>Balance sheet</b>	<b>As previously reported June 30, 2005</b>	<b>Change</b>	<b>As restated June 30, 2005</b>
Unitholders' capital	\$ 673,913	\$ 590	\$ 674,503
Contributed surplus	3,551	(469)	3,082
Accumulated earnings	38,493	(121)	38,372

<b>Statement of Earnings</b>	<b>Three Months Ended June 30, 2005</b>	<b>Six Months Ended June 30, 2005</b>
Net earnings – as previously reported	\$ 11,357	\$ 13,510
Reduction in Trust Unit-based compensation expense	76	122
Net earnings – as restated	\$ 11,433	\$ 13,632
Net earnings per Trust Unit, basic and diluted, as previously reported	\$ 0.15	\$ 0.19
Net earnings per Trust Unit, basic and diluted, as restated	\$ 0.15	\$ 0.19

<b>Statement of Earnings</b>	<b>Three Months Ended June 30, 2004</b>	<b>Six Months Ended June 30, 2004</b>
Net earnings – as previously reported	\$ 5,016	\$ 7,013
Reduction in Trust Unit-based compensation expense	130	325
Net earnings – as restated	\$ 5,146	\$ 7,338
Net earnings per Trust Unit, basic and diluted, as previously reported	\$ 0.11	\$ 0.15
Net earnings per Trust Unit, basic and diluted, as restated	\$ 0.11	\$ 0.16

A reconciliation of contributed surplus is provided below:

Balance, as at January 1, 2004	\$ 3,136
Trust Unit-based compensation expense, as previously reported	5,493
Reduction in Trust Unit-based compensation expense upon restatement	(3,119)
Transfer to share capital on exercise of Incentive Rights, as previously reported	(807)
Increase in transfer to share capital on exercise of Incentive Rights upon restatement	(167)
<b>Balance, as at December 31, 2004</b>	<b>4,536</b>

Trust Unit-based compensation expense, as previously reported	1,002
Reduction in Trust Unit-based compensation expense upon restatement	(122)
Trust-Unit based compensation expense, as restated	
880Transfer to share capital on exercise of Incentive Rights, as previously reported	(1,912)
Increase in transfer to share capital on exercise of Incentive Rights upon restatement	(422)
<b>Balance, as at June 30, 2005, as restated</b>	<b>\$ 3,082</b>

PET used the Binomial Lattice option-pricing model to calculate the estimated fair value of the outstanding Incentive Rights issued on or after January 1, 2003. The following assumptions were used to arrive at the estimate of fair value as at the date of grant:

	Year of Grant	
	2005	2004
Distribution yield	2.6 - 3.7%	2.7 - 3.3%
Expected volatility	21.0%	20.0%
Risk-free interest rate	3.12 - 3.41%	3.24 - 3.99%
Expected life of Rights (years)	3.75	3.75
Vesting period of Rights (years)	4.0	4.0
Contractual life of Rights (years)	5.0	5.0
Weighted average fair value per option on the grant date	\$2.55	\$1.80

### 3. OTHER ASSETS

	June 30, 2005	December 31, 2004
Convertible debenture issue costs	\$ 5,088	\$ 1,773
Investments	4,243	-
	<b>\$ 9,331</b>	<b>\$ 1,773</b>

Convertible debenture issue costs are amortized to earnings over the life of the debentures and reclassified to Unit issue costs as debentures are converted to Trust Units.

Investments include \$3.0 million related to PET's 14 percent interest in Sebring Energy Inc. and \$1.2 million related to the Trust's five percent interest in the Eagle Canada Limited Partnership. These investments are accounted for on a cost basis.

### 4. ACQUISITIONS

On May 17, 2005 the Trust closed the acquisition of producing natural gas properties in Northeast Alberta (the "Northeast Alberta Acquisition") for an aggregate purchase price of \$272.3 million. The acquisition was financed through the issuance of 9,500,000 Trust Units for gross proceeds of \$160.1 million in addition to the issuance of \$100.0 million in 6.25% Convertible Extendible Unsecured Subordinated Debentures (see Note 7), and through existing credit facilities.

Property, plant and equipment acquired	\$ 285,594
Asset retirement obligation	(13,267)
Net purchase price	<b>\$ 272,327</b>

Goodwill recorded on the purchase of Cavell Energy Corporation has been reduced by \$0.5 million to reflect adjustments to tax pools balances at the closing date of the acquisition.

### 5. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2005	December 31, 2004
Petroleum and natural gas properties	\$ 1,270,511	\$ 954,351
Asset retirement costs	51,292	30,787
Corporate assets	15,038	14,754
	1,336,841	999,892
Accumulated depletion and depreciation	(572,747)	(505,007)
	<b>\$ 764,094</b>	<b>\$ 494,885</b>

Property, plant and equipment costs at June 30, 2005 included \$88.4 million (June 30, 2004 - \$55.4 million) currently not subject to depletion.

## 6. BANK AND OTHER DEBT

PET has a revolving credit facility with a syndicate of Canadian Chartered Banks (the "Credit Facility"). The Credit Facility currently has a borrowing base of \$310 million, consisting of a demand loan of \$300 million and a working capital facility of \$10 million. In addition to amounts outstanding under the Credit Facility, PET has outstanding letters of credit in the amount of \$2.87 million. Collateral for the Credit Facility is provided by a floating-charge debenture covering all existing and acquired property of the Trust as well as unconditional full liability guarantees from all subsidiaries in respect of amounts borrowed under the Credit Facility.

Advances under the Credit Facility are made in the form of Banker's Acceptances (BA), prime rate loans or letters of credit. In the case of BA advances, interest is a function of the BA rate plus a stamping fee based on the Trust's current ratio of debt to cash flow. In the case of prime rate loans, interest is charged at the lenders' prime rate. The effective interest rate on outstanding amounts at June 30, 2005 was 3.83%.

## 7. CONVERTIBLE DEBENTURES

The Trust's 8% convertible unsecured subordinated debentures (the "8% Convertible Debentures") mature on September 30, 2009, bear interest at 8.00% per annum paid semi-annually on March 31 and September 30 of each year and are subordinated to substantially all other liabilities of PET including the Credit Facility. The 8% Convertible Debentures are convertible at the option of the holder into Trust Units at any time prior to the maturity date at a conversion price of \$14.20 per Trust Unit. During the six months ended June 30, 2005, \$5.8 million of 8% Convertible Debentures were converted, resulting in the issuance of 406,886 Trust Units. Subsequent to June 30, an additional \$17.9 million of 8% Convertible Debentures were converted resulting in the issuance of 1,263,024 Trust Units.

The Trust's 6.25% convertible unsecured subordinated debentures (the "6.25% Convertible Debentures") mature on June 30, 2010, bear interest at 6.25% per annum paid semi-annually on June 30 and December 31 of each year and are subordinated to substantially all other liabilities of PET including the Credit Facility. The 6.25% Convertible Debentures are convertible at the option of the holder into Trust Units at any time prior to the maturity date at a conversion price of \$19.35 per Trust Unit.

At June 30, 2005, the fair market value of the 8% Convertible Debentures was \$39.0 million and the fair market value of the 6.25% Convertible Debentures was \$101.5 million.

## 8. UNITHOLDERS' CAPITAL

### a) Authorized

Authorized capital consists of an unlimited number of Trust Units and an unlimited number of special voting units. No Special Voting Units have been issued to date.

### b) Issued and Outstanding

The following is a summary of changes in Unitholders' Capital:

Trust Units	Number Of Units	Amount (restated, Note 2)
Balance, December 31, 2003, as restated	44,638,376	\$ 260,019
Units issued pursuant to Unit offerings	12,295,547	146,675
Units issued pursuant to corporate acquisition	6,931,633	78,674
Units issued pursuant to Unit Incentive Plan	153,875	1,539
Units issued pursuant to Distribution Reinvestment Plan	632,829	8,185
Units issued pursuant to conversion of Debentures PMT.DB	674,711	9,581
Issue costs on Convertible Debentures converted to Trust Units	-	(383)
Trust Unit issue costs	-	(8,428)
Balance, December 31, 2004	65,326,971	495,862
Units issued pursuant to Unit offerings	9,500,000	160,075
Units issued pursuant to Unit Incentive Plan	361,375	3,053
Units issued pursuant to Distribution Reinvestment Plan	1,285,280	20,401
Units issued pursuant to conversion of Debentures PMT.DB	406,886	5,778
Issue costs on Convertible Debentures converted to Trust Units	-	(229)
Trust Unit issue costs	-	(10,438)

Balance, June 30, 2005	76,880,512	\$ 674,503
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c) **Per Unit Information**

Basic earnings per Trust Unit were calculated using the weighted average number of Trust Units outstanding during the three months and six months ended June 30, 2005 of 73,558,001 and 69,716,530 respectively (2004 – 47,019,195 and 45,874,526, respectively). The Trust uses the treasury stock method where only “in the money” dilutive instruments impact the diluted calculations. In computing diluted earnings per Unit for the three and six month periods ended June 30, 2005, 553,036 and 545,657 Units respectively were added to the weighted average number of Trust Units outstanding for the dilutive effect of Incentive Rights (2004 - 247,637 and 176,165 respectively).

d) **Redemption Right**

Unitholders may redeem their Trust Units at any time by delivering their Unit Certificates to the Trustee of PET. Unitholders have no rights with respect to the Trust Units tendered for redemption other than a right to receive the redemption amount. The redemption amount per Trust Unit will be the lesser of 90 percent of the weighted average trading price of the Trust Units on the principal market on which they are traded for the 10 day period after the Trust Units have been validly tendered for redemption and the "closing market price" of the Trust Units.

In the event that the aggregate redemption value of Trust Units tendered for redemption in a calendar month exceeds \$100,000 and PET does not exercise its discretion to waive the \$100,000 limit on monthly redemptions, PET will not use cash to pay the redemption amount for any of the Trust Units tendered for redemption in that month. Instead, PET will pay the redemption amount for those Trust Units, subject to compliance with applicable laws including securities laws of all jurisdictions and the receipt of all applicable regulatory approvals, by the issuance of promissory notes of PET (the "Notes") to the tendering Unitholders.

The Notes delivered as set out above will be unsecured and bear interest at a market rate of interest to be determined at the time of issuance by the Board of Directors based on the advice of an independent financial advisor. The interest will be payable monthly. The Notes will be subordinated and, in certain circumstances, postponed to all of PET's indebtedness. Subject to prepayment, the Notes will be due and payable 5 years after issuance.

**9. UNIT INCENTIVE PLAN**

At June 30, 2005 PET had granted 1,672,875 Unit Incentive Rights to purchase PET Trust Units to employees and directors of the administrator of PET under its Unit Incentive Plan.

At June 30, 2005 a total of 3,963,838 units had been reserved under the Unit Incentive Plan. As at June 30, 2005 12,500 Unit Incentive Rights granted under the Unit Incentive Plan had vested but were unexercised (100,000 as of June 30, 2004).

**Unit Incentive Rights**

	Average grant price	Unit Incentive Rights
Balance, December 31, 2004	\$ 8.41	1,612,750
Granted	\$ 16.82	461,500
Exercised	\$ 5.38	(361,375)
Cancelled	\$ 12.25	(40,000)
Balance, June 30, 2005	\$ 11.29	1,672,875
Incentive Rights exercisable, end of period	\$ 11.12	12,500

The following summarizes information about Incentive Rights outstanding at June 30, 2005:

Range of Exercise Prices	Number outstanding at June 30, 2005	Weighted average contractual life (years)	Weighted average exercise price/ Right	Number exercisable at June 30, 2005	Weighted average exercise price/Right
\$0.64	482,750	3	\$ 0.64	-	-
\$8.43-\$8.56	147,500	4	\$ 8.50	12,500	\$ 8.50
\$9.24-\$14.22	581,125	5	\$ 10.50	-	-
\$15.28-\$17.17	461,500	5	\$ 16.59	-	-
Total	1,672,875	4	\$ 9.15	12,500	\$ 8.50

**10. ASSET RETIREMENT OBLIGATIONS**

The total future asset retirement obligation was estimated by management based on the Trust's net ownership interest in all wells and facilities, estimated costs to reclaim and abandon the wells and facilities and the estimated timing of the costs to be incurred in future periods. The Trust has estimated the net present value of its total asset retirement obligations to be \$56.2 million as at June 30, 2005 based on a total future liability of \$125.1 million. These payments are expected to be made over the next 25 years with the majority of costs incurred between 2010 and 2015. The Trust used a credit adjusted risk free rate of 7.82% to calculate the present value of the asset retirement obligation.

The following table reconciles the Trust's asset retirement obligations:

	<b>June 30, 2005</b>	<b>December 31, 2004</b>
Obligation, beginning of period	\$ 34,116	\$ 21,701
Increase in liabilities during the period	20,505	10,325
Accretion expense	1,625	2,090
	<b>\$ 56,246</b>	<b>\$ 34,116</b>

## 11. FINANCIAL INSTRUMENTS

### Financial instruments

The Trust's financial instruments included in the consolidated balance sheet consist of accounts receivable, accounts payable and accrued liabilities, distributions payable and bank and other debt and convertible debentures. The fair values of these items approximated their carrying amounts at June 30, 2005 and December 31, 2004 due to their short-term nature, except for convertible debentures (see Note 7).

### Natural gas commodity price hedges

At June 30, 2005, the Trust had entered into financial hedge arrangements as follows:

Type	Volume	Term	Fixed (\$/GJ)	Floor (\$/GJ)	Ceiling (\$/GJ)
AECO fixed price	45,000 GJ/d	July 05 – Oct 05	\$7.05	-	-
AECO fixed price	45,000 GJ/d	Nov 05 – Mar 06	\$7.94	-	-
AECO fixed price	10,000 GJ/d	Apr 06 – Oct 06	\$7.94	-	-

Had these contracts been settled on June 30, 2005, using forward prices in effect at that time, the mark-to-market settlement payment by PET would have totaled \$3.2 million.

In addition, the Trust has sold forward physical natural gas to partially fix the price that these financial hedges will settle against. At June 30, 2005, the Trust had entered into physical gas sales arrangements as follows:

Type	Volume	Term	Fixed (\$/GJ)	Floor (\$/GJ)	Ceiling (\$/GJ)
AECO collar	5,000 GJ/d	July - Oct 05	-	\$6.50	\$7.30
AECO fixed price	68,500 GJ/d	July 05 – Oct 05	\$7.47	-	-
AECO fixed price	11,500 GJ/d	Oct 05	\$8.38	-	-
AECO fixed price	60,000 GJ/d	Nov 05 - Mar 06	\$8.40	-	-
AECO fixed price	10,000 GJ/d	Apr 06 – Oct 06	\$7.51	-	-

## 12. COMMITMENTS

PET has committed to supply to Eagle Canada Limited Partnership for marketing on behalf of the Trust at market prices as directed by PET a minimum average of 30 MMcf/d of physical natural gas deliveries for a five year period commencing March 1, 2005.

## 13. GAS OVER BITUMEN ISSUE

The Alberta Energy and Utilities Board ("AEUB" or the "Board") issued General Bulletin 2003-28 ("GB 2003-28") on July 22, 2003. The AEUB continues to consider that gas production in pressure communication with associated potentially recoverable bitumen places future bitumen recovery at an unacceptable risk.

Following the completion of a Regional Geological Study by the AEUB and an interim hearing held in March 2004, the AEUB ordered the shut-in, effective July 1, 2004, of Wabiskaw-McMurray natural gas production in northeast Alberta totaling approximately 123 MMcf/d. PET currently has approximately 17.4 MMcf/d of sales gas shut-in pursuant to AEUB order. During the three and six month periods ended June 30, 2005 the Trust incurred \$0.06 million and \$0.7



million, respectively, in legal and consulting expenditures directly related to the gas over bitumen issue (2004 - \$0.4 million and \$1.0 million, respectively).

On October 4, 2004 the Government of Alberta enacted amendments to the Royalty Regulation with respect to natural gas which provide a mechanism whereby the Government may prescribe a reduction in the royalty calculated through the Crown royalty system for operators of gas wells which have been denied the right to produce by the AEUB as a result of recent bitumen conservation decisions. Such royalty reduction was initially prescribed in December 2004, retroactive to the date of shut-in of the gas production.

If production recommences from zones previously ordered to be shut-in, gas producers may pay an incremental royalty to the Crown on production from the reinstated pools, along with Alberta Gas Crown Royalties otherwise payable. The incremental royalty will apply only to the pool or pools reinstated to production and will be established at 1 percent after the first year of shut-in increasing at 1 percent per annum based on the period of time such zones remained shut-in to a maximum of 10 percent. The incremental royalties payable to the Crown would be limited to amounts recovered by a gas well operator through the reduced royalty.

At June 30, 2005 PET had recorded \$26.3 million for cumulative gas over bitumen royalty adjustments received to that date on the Trust's balance sheet. Royalty adjustments received are not included in earnings but are recorded as a component of funds from operations. As PET cannot determine if, when or to what extent the royalty adjustment may be repayable through incremental royalties if and when gas production recommences, the royalty adjustments are being excluded from earnings pending such determination.

#### 14. SUBSEQUENT EVENTS

- a) On May 17, 2005 the Trust closed the acquisition of producing natural gas properties in Northeast Alberta (the "Northeast Alberta Acquisition") for an aggregate purchase price of \$273.5 million. The purchase price has been allocated as follows:

Property, plant and equipment acquired	\$	286,768
Asset retirement obligations		(13,267)
Net purchase price	\$	273,501

- b) On April 26, 2005 the Trust closed an offering of 9.5 million Trust Units for gross proceeds of approximately \$160.0 million, in addition to \$100.0 million in 6.25% convertible unsecured subordinated debentures (the "6.25% Convertible Debentures"). The 6.25% Convertible debentures mature on June 30, 2010, bear interest at 6.25% per annum paid semi-annually on June 30 and December 31 of each year and are subordinated to substantially all other liabilities of PET including the Credit Facility. The 6.25% Convertible Debentures are convertible at the option of the holder into Trust Units at any time prior to the maturity date at a conversion price of \$19.35 per Trust Unit.
- c) On February 16, 2006 the Trust acquired all the issued and outstanding shares of a private oil and gas exploration and development company for cash consideration of approximately \$92 million.
- d) On March 15, 2006 the Trust announced that it has entered into an agreement to sell to a syndicate of underwriters \$100 million aggregate principal amount of 6.25% convertible unsecured subordinated debentures. The offering is expected to close on or about April 6, 2006.