

March 20, 2008

Dear U.S. or Mexico-based Paramount Energy Trust Unitholder:

Re: NAFTA Claim Regarding Change In Trust Tax Legislation

Paramount Energy Trust ("PET") has become aware that on October 30, 2007, a Notice of Intent to submit an international arbitration claim with respect to the Canadian Government's plan to impose a trust-level tax on publicly traded income trusts was filed by two income trust unitholders resident in the United States. The Notice challenges the actions of the Canadian Government and seeks monetary compensation for losses related to those actions. It is our understanding that U.S. and Mexican citizens who held units in a Canadian energy trust on October 31, 2006 may also be eligible to file a similar claim, regardless of whether these units were held directly by those citizens or indirectly through a business enterprise, such as a mutual fund.

Those persons wishing further information about this claim and the NAFTA process can visit www.naftatrustclaims.com or call 1-773-775-0873.

This notice to you is being provided solely for informational purposes and should not be in any way considered a recommendation by PET for you to participate in, or as an endorsement by PET of this potential course of action, or construed as legal advice as to the merits of this potential course of action. PET is not a party to these NAFTA claims.

Sincerely,

PARAMOUNT ENERGY OPERATING CORP.
as administrator of Paramount Energy Trust



Susan L. Riddell Rose
President and Chief Executive Officer