



PRIMEWEST

## PrimeWest Energy Trust

### 7.75% Convertible Unsecured Subordinated Debentures due December 31, 2011 Term Sheet

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Issuer:	PrimeWest Energy Trust (the "Trust")
Offering:	Convertible Unsecured Subordinated Debentures (the "Series II Debentures").
Offering Size:	\$100,000,000
Concurrent Offerings:	\$251,320,000 of Trust Units.  \$150,000,000 of 7.50% Convertible Unsecured Subordinated Debentures due September 30, 2009.
Price:	\$1,000 per Series II Debenture.
Issue Type:	Bought underwritten public issue, eligible for sale in all provinces of Canada to a short-form prospectus. U.S. sales via Section 4(2) and internationally as permitted.
Maturity Date:	December 31, 2011 (approximately 7 years).
Use of Proceeds:	The net proceeds of the Offering will be used to fund in part, the \$747 million acquisition of all the Canadian petroleum and natural gas properties of Calpine Corp. and the \$78 million acquisition of a 25% interest in Calpine Natural Gas Trust for aggregate consideration of \$825 million, and for general corporate purposes.
Coupon:	7.75% per annum, payable semi-annually on June 30 <sup>th</sup> and December 31 <sup>st</sup> of each year, commencing December 31, 2004 (short first coupon). The Trust shall have the option to pay such interest by delivering trust units of the Trust ("Trust Units") to a Trustee for sale, in which event holders of the Series II Debentures will be entitled to receive a cash payment equal to the interest owed from the proceeds of the sale of the requisite number of Trust Units by the Trustee. Interest payments made to U.S. holders of the Series II Debentures will be subject to a 10% withholding tax.
Conversion:	The Series II Debentures will be convertible into fully paid and non-assessable Trust Units at the option of the holder at any time prior to the close of business on the earlier of Maturity and the business day immediately preceding the date specified by the Trust for redemption of the Series II Debentures at a conversion price of up to \$26.50 per Trust Unit (a 3.9% premium to the Reference Price) (being a conversion rate of 37.7358 Trust Units per \$1,000 principal amount of Series I Debentures). Holders converting their Series II Debentures will receive accrued and unpaid interest thereon.

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Reference Price:	\$25.75 per Trust Unit on the Toronto Stock Exchange.
Redemption:	The Series II Debentures will not be redeemable at the option of the Trust on or before December 31, 2007. After December 31, 2007 and prior to Maturity, the Series II Debentures may be redeemed in whole or in part from time to time at the option of the Trust on not more than 60 days and not less than 30 days prior notice, at a price of \$1,050 per Series II Debenture after December 31, 2007 and on or before December 31, 2008 and at a price of \$1,025 per Series II Debenture after December 31, 2008 and on or before December 31, 2009 and after December 31, 2009 and before Maturity at \$1,000 per Series II Debenture, plus accrued and unpaid interest.
Payment Upon Maturity or Redemption:	On Redemption or Maturity, the Trust may, at its option, on not more than 60 days and not less than 40 days prior notice and subject to regulatory approval, elect to satisfy its obligation to repay the principal of and premium (if any) on the Series II Debentures then maturing or being redeemed by issuing and delivering that number of freely tradeable Trust Units obtained by dividing such principal and premium (if any) by 95% of the weighted average trading price of the Trust Units on the Toronto Stock Exchange for the 20 consecutive trading days ending five trading days preceding the date fixed for Redemption or Maturity, as the case may be. Any accrued and unpaid interest thereon will be paid in cash.
Issuance Test:	<p>The Trust shall not issue additional debentures of equal ranking if the principal amount of debentures issued and outstanding exceeds 25% of the Total Market Capitalization immediately after the issuance of such additional debentures.</p> <p>Total Market Capitalization equals the principal amount of the issued and outstanding debentures plus the issued and outstanding Trust Units multiplied by the weighted average trading price of the Trust Units on the Toronto Stock Exchange for the 20 consecutive trading days ending five trading days preceding the date of such calculation.</p>
Change of Control:	Upon a change of control involving the acquisition of voting control or direction over 66 2/3% or more of the Trust Units, the Trust will be required to make an offer to purchase the Series II Debentures then outstanding at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest.
Subordination:	The payment of the principal and premium (if any) of, and interest on, the Series II Debentures will be subordinated in right of payment to the prior payment in full of all Senior Indebtedness of the Trust. "Senior Indebtedness" of the Trust will be defined as the principal of and premium, if any, and interest on and other amounts in respect of all indebtedness of the Trust. The Trust shall not make any distribution on its Trust Units if an event of default exists on the Series II Debentures or would otherwise exist as a result of such distribution.
Eligibility:	Eligible under the usual statutes as well as for RRSPs, RRIFs, RESPs and DPSPs, as domestic content.

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Listing:	An application will be made to list the Series II Debentures and the Trust Units to be acquired upon conversion, redemption or maturity of the Series II Debentures on the TSX. The Trust Units are listed on the TSX under the symbol PWI.UN and on the NYSE under the symbol PWI.
Conditions:	Subject to standard bought deal terms and conditions. See Schedule A, attached, for detailed terms and conditions.
Lead Underwriters:	Scotia Capital Inc. and CIBC World Markets Inc.
Syndicate:	Subject to the formation of a mutually agreeable syndicate.
Commission:	4% payable upon Closing.
Closing:	September 2, 2004.