

THIRD QUARTER 1999

PrimeWest Energy Trust reports 83 percent higher cash flow in third quarter, declares five-cent supplementary cash distribution

Calgary, November 3, 1999 -- PrimeWest Energy Trust (PrimeWest) today announced operating and financial results for the third quarter ended September 30, 1999, and declared a supplementary distribution of \$0.05 per trust unit, payable December 15 for unitholders of record on November 30, 1999. This, coupled with the current monthly rate of \$0.10, will bring full-year distributions to the previously announced target of \$1.10 per trust unit.

During the quarter, PrimeWest also strengthened its financial position, issuing 2.75 million new trust units at \$7.20 per trust unit on a bought-deal basis, for total gross proceeds of \$19.8 million. Proceeds from the financing, which closed on October 5, 1999, will be used to reduce debt and fund a \$13.5-million acquisition of natural gas properties in southeastern Alberta.

1999 third-quarter highlights

- Cash flow from operations was \$0.33 per trust unit for the quarter, an 83-percent improvement over the \$0.18 per trust unit posted in the corresponding period in 1998. During the quarter, \$0.34 was distributed (\$0.30 in monthly distributions and a \$0.04-special distribution declared following second-quarter results).
- As at September 30, 1999, PrimeWest had accumulated an undistributed reserve of \$0.06 per trust unit. Of this, \$0.05 per trust unit will be distributed on December 15, and the remaining \$0.01 per trust unit, as well as any other surplus accumulated in the fourth quarter, will be used to reduce long-term debt, unless otherwise distributed.

PrimeWest Energy Trust is a Calgary-based oil and gas royalty trust, actively managed for the benefit of unitholders. The trust generates monthly cash distributions by acquiring, developing, producing and selling crude oil, natural gas and natural gas liquids in Western Canada.



Average selling prices for all products combined, rose 46 percent compared with the same quarter in 1998.

Operating netbacks rose by 90 percent over the same period last year, to \$13.57 per barrel of oil equivalent.

▪ By the end of the quarter, debt had been reduced by \$4.8 million (\$0.15 per trust unit) from proceeds on the sale of marketable securities during the year (including gains and investment income of \$1.6 million (\$0.05 per trust unit)). This income has been recorded as an offset to acquisition costs incurred of \$2 million, recorded in 1998 and 1999.

▪ Due to sustained strong commodity prices, operating netbacks rose by almost 90 percent over the same period last year, to \$13.57 per barrel of oil equivalent (boe).

▪ Operating costs fell by \$600,000 or eight percent during the quarter compared with the same period last year.

▪ Production averaged 11,277 boe per day for the third quarter, compared with 12,445 boe per day in the corresponding period last year. Temporary production outages -- including annual gas recycling at Ricinus, a 14-day outage due to a compressor failure at Laprise Creek, and maintenance at the Caroline gas plant -- reduced sales volumes over the quarter by some 780 boe per day. The decrease was also from natural declines; the continued deferral of development projects pending partner consents; and disappointing drilling results, offset by acquisitions and production enhancements. Despite the temporary outages, year-to-date production remains within two percent of 1998 levels, at 11,823 boe per day.

▪ PrimeWest expects that fourth-quarter production volumes will rise from third-quarter levels, as positive impacts are recorded from: the acquisition of gas properties in southeastern Alberta; reactivation of previously deferred development drilling; and the bringing back on stream of shut-in facilities. These activities, combined with property enhancements, are anticipated to provide PrimeWest with an estimated 1999 exit rate of about 12,000 boe per day.

▪ Average selling prices for all products combined, which include hedging losses of \$1.8 million year-to-date, rose 46 percent compared with the same quarter in 1998, to \$24.78 per barrel of oil equivalent. Prices received for crude oil and natural gas liquids increased by 41 percent from third-quarter 1998 levels, reflecting an average West Texas Intermediate (WTI) crude oil price of US\$21.72 per barrel for the third quarter of 1999, as compared with US\$14.14 per barrel for the same period in 1998. The average price received for natural gas climbed by 53 percent, to \$2.70 per thousand cubic feet (Mcf), for the quarter ended Sept 30, 1999, compared with \$1.76 per Mcf in the same period in 1998. PrimeWest will continue to use prudent risk management to mitigate risks associated with commodity prices.

Operating highlights

	Three months ended September 30			Nine months ended September 30		
	1999	1998	Change	1999	1998	Change
Daily sales volumes						
Crude oil and natural gas liquids (barrels)	7,150	7,450	(4%)	7,241	6,994	4%
Natural gas (thousand cubic feet)	41,273	49,950	(17%)	45,815	51,050	(10%)
Total (barrels of oil equivalent)	11,277	12,445	(9%)	11,823	12,099	(2%)
Average selling prices						
Crude oil and natural gas liquids (\$/bbl)	23.20	16.49	41%	19.66	17.11	15%
Natural gas (\$/Mcf)	2.70	1.76	53%	2.37	1.71	39%
Operating netback (\$/boe)						
Revenues	24.78	16.99	46%	21.33	17.18	24%
Royalties, net of ARTC	(4.26)	(2.93)	45%	(3.49)	(3.06)	14%
Operating expenses	(6.95)	(6.85)	1%	(6.59)	(6.93)	(5%)
Operating netback	13.57	7.21	88%	11.25	7.19	56%

Financial highlights

(thousands of dollars except per-boe and per-trust-unit amounts)	Three months ended September 30			Nine months ended September 30		
	1999	1998	Change	1999	1998	Change
Cash flow from operations	10,857	5,774	88%	27,780	16,072	73%
per boe	10.46	5.04	108%	8.61	4.87	77%
per trust unit	0.33	0.18	83%	0.84	0.52	62%
Operating revenues, net of royalties	21,290	16,094	32%	57,564	46,643	23%
per boe	20.52	14.06	46%	17.84	14.12	26%
per trust unit	0.64	0.49	31%	1.74	1.51	15%
Operating expenses	7,209	7,841	(8%)	21,283	22,881	(7%)
per boe	6.95	6.85	1%	6.59	6.93	(5%)
per trust unit	0.22	0.24	(8%)	0.64	0.74	(14%)
Cash G&A expenses	1,403	1,047	34%	3,900	3,604	8%
per boe	1.35	0.91	48%	1.21	1.09	11%
per trust unit	0.04	0.03	33%	0.12	0.12	-
Cash management fees	371	216	72%	959	590	63%
per boe	0.36	0.18	100%	0.30	0.18	67%
per trust unit	0.01	0.01	-	0.03	0.02	50%
Financing costs	1,450	1,216	19%	3,642	3,496	4%
per boe	1.40	1.06	32%	1.13	1.06	7%
per trust unit	0.04	0.04	-	0.11	0.11	-
Cash distributed to unitholders	11,250	5,940	89%	24,803	19,825	25%
per boe	10.84	5.19	109%	7.68	6.00	28%
per trust unit	0.34	0.18	89%	0.75	0.60	25%
(thousands of dollars)	September 30, 1999			June 30, 1999		March 31, 1999
Net debt (long-term debt net of working capital)	88,315			80,550		74,516
Debt-to-current-cash flow (annualized)	2.03			2.07		2.60

We have recorded positive performance quarter-over-quarter. Cash flow, operating netbacks and cash distributions are all up significantly, and debt has been reduced.

1999 third-quarter financial performance

- Revenues from oil and gas sales increased by 33 percent compared with the same period in 1998, primarily reflecting increased commodity prices offset by lower production volumes and hedging losses.
- Capital expenditures, net of property dispositions, totalled \$7.3 million during the quarter. Investment in the production enhancement program was \$3.4 million, and in property acquisitions, \$5.5 million. Proceeds from property dispositions were \$1.6 million.
- Long-term debt including current portion at September 30, 1999 was \$85.8 million (\$2.59 per trust unit), up 17 percent from \$73.1 million (\$2.21 per trust unit) at year-end 1998.
- Cash general and administrative expenses were up more than usual in the quarter, due to some one-time charges, including departmental restructuring costs.

Developments and outlook

Shortly after the end of the third quarter, the financial position of the trust was strengthened with the closing of a \$19.8-million equity financing. PrimeWest has allocated \$13.5 million of the proceeds to the pending acquisition of natural gas properties in southeastern Alberta, and has applied the remainder against debt.

The equity was issued with a four percent discount, one of the lowest among other similar trust-sector transactions completed this year. It coincided with a 52-week high in the price of PrimeWest trust units and the royalty trust index, thereby minimizing dilution to existing unitholders.

As 1999 begins to draw to a close, the property acquisition and disposition market remains highly competitive. Large transactions have overshadowed smaller ones. PrimeWest remains active yet discerning in this market environment, finding value to date in modest-sized transactions.

Currently, PrimeWest is in the final stages of closing an acquisition of natural gas properties in the Dinosaur/Patricia area of southeastern Alberta for approximately \$13.5 million. The properties are 100-percent proved producing, low-operating-cost properties, and would add about 300 boe per day of gas production.

When completed, the acquisition of the natural gas properties will bring PrimeWest's year-to-date acquisition total to approximately \$23 million. All transactions have served to improve the quality of our assets – increasing the proved producing component of our reserves and reducing the per-boe cost structure. PrimeWest continues to seek a large-impact transaction, to significantly increase the size and quality of our underlying asset base and to improve the liquidity of our trust units.

PrimeWest has been active yet discerning in the property acquisition market, finding the most value to date in modest-sized transactions.

All critical hardware and systems in the Calgary head office, as well as PrimeWest-operated field hardware and systems, are considered Y2K-compliant. Costs associated with Y2K activities and remediation efforts are not expected to have a material impact on financial or operating

Year 2000 update

As of September 30, 1999, remediation work on high-impact business and field operations systems was 100 percent complete. All critical hardware and systems in the Calgary head office, as well as PrimeWest-operated field hardware and systems, are considered Y2K-compliant.

Contingency planning continues for the remainder of the year in three principal areas: field operations, product-delivery interruption and key financial functions. PrimeWest also continues to assess the preparedness of key third parties, as our principal areas of vulnerability to the Y2K issue include a dependence on external power suppliers and transportation systems.

While PrimeWest is unable to ensure the readiness of all key business partners, based on work done to date, PrimeWest is not anticipating significant Y2K issues to arise. Costs associated with Y2K activities and remediation efforts are not expected to have a material impact on financial or operating results.

On behalf of the Board of Directors:

Kent J. MacIntyre
Vice-chairman and
Chief Executive Officer

D. Hugh Gillard
President and
Chief Operating Officer

PRIMEWEST ENERGY TRUST
CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(thousands of dollars)	September 30, 1999	December 31, 1998
Assets		
Current assets		
Cash	-	1,199
Accounts receivable	19,434	19,115
Short-term investments	2	3,212
Capital assets held for sale	-	3,400
Prepaid expenses	3,275	1,420
	22,711	28,346
Cash reserved for site restoration and reclamation	2,514	1,781
Capital assets	281,107	286,013
	306,332	316,140
Liabilities and unitholders' equity		
Current liabilities		
Bank overdraft	466	-
Accounts payable and accrued liabilities	20,510	22,667
Accrued distributions to unitholders	3,310	1,981
Due to related company	950	1,223
Current portion of long-term debt	106	106
	25,342	25,977
Long-term debt	85,684	73,006
Site restoration and reclamation provision	4,783	3,943
	115,809	102,926
Unitholders' equity		
Net capital contributions	292,886	292,451
Accumulated loss	(6,389)	(8,364)
Accumulated cash distributions	(94,937)	(70,134)
Accumulated dividends	(1,037)	(739)
	190,523	213,214
	306,332	316,140

PRIMEWEST ENERGY TRUST
CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY (UNAUDITED)

(thousands of dollars)	September 30, 1999	December 31, 1998
Unitholders' equity, beginning of the year	213,214	193,364
Net income (loss) for the period	1,975	(13,547)
Net capital contributions	435	59,463
Cash distributions	(24,803)	(25,769)
Dividends	(298)	(297)
Unitholders' equity, end of the period	190,523	213,214

PRIMEWEST ENERGY TRUST
CONSOLIDATED STATEMENTS OF INCOME AND
CASH AVAILABLE FOR DISTRIBUTION (UNAUDITED)

	Three months ended September 30		Nine months ended September 30	
	1999	1998	1999	1998
(thousands of dollars, except for per-trust-unit and number of units)				
REVENUES				
Sales of crude oil, natural gas, natural gas liquids, and sulphur	25,675	19,377	68,678	56,660
Crown and other royalties, net of ARTC	(4,423)	(3,360)	(11,275)	(10,117)
Other income	928	77	1,756	100
	<u>22,180</u>	<u>16,094</u>	<u>59,159</u>	<u>46,643</u>
EXPENSES				
Operating	7,209	7,841	21,283	22,881
Cash general and administrative	1,403	1,047	3,900	3,604
Non-cash general and administrative	291	-	299	-
Interest	1,450	1,216	3,642	3,496
Corporate acquisition costs	-	-	1,138	-
Cash management fees	371	216	959	590
Non-cash management fees	115	87	327	326
Depletion, depreciation and amortization	8,155	9,901	25,636	27,596
	<u>18,994</u>	<u>20,308</u>	<u>57,184</u>	<u>58,493</u>
Net income (loss) for the period	<u>3,186</u>	<u>(4,214)</u>	<u>1,975</u>	<u>(11,850)</u>
Add back (deduct) amounts to reconcile to distribution:				
Reserve to fund future production costs	749	484	(2,080)	4,630
Corporate acquisition income, net of costs	(890)	-	(457)	-
Depletion, depreciation and amortization	8,155	9,901	25,636	27,596
Contribution to reclamation fund	(241)	(258)	(646)	(677)
Management fees paid in trust units	115	87	327	326
Non-cash long term incentive plan	291	-	299	-
	<u>8,179</u>	<u>10,214</u>	<u>23,079</u>	<u>31,875</u>
CASH AVAILABLE FOR DISTRIBUTION	<u>11,365</u>	<u>6,000</u>	<u>25,054</u>	<u>20,025</u>
Cash available to trust unitholders (99 percent)	<u>11,250</u>	<u>5,940</u>	<u>24,803</u>	<u>19,825</u>
Cash available for distribution per trust unit	<u>0.34</u>	<u>0.18</u>	<u>0.75</u>	<u>0.60</u>
Net income (loss) per trust unit	<u>0.10</u>	<u>(0.13)</u>	<u>0.06</u>	<u>(0.38)</u>
Trust units issued and outstanding	33,100,345	32,998,617	33,100,345	32,998,617
Weighted average trust units outstanding	33,084,123	32,983,479	33,065,558	30,977,984

PRIMEWEST ENERGY TRUST
CONSOLIDATED STATEMENTS OF CASH FLOW
(UNAUDITED)

(thousands of dollars)

For the nine months ended September 30,	1999	1998
OPERATING ACTIVITIES		
Net income (loss) for the period	1,975	(11,850)
Add: Items not involving cash from operations		
Depletion, depreciation and amortization	25,636	27,596
Corporate acquisition costs	1,138	-
Investment income	(1,595)	-
Funds from operations	27,154	15,746
Change in non-cash working capital	(4,603)	(610)
	<u>22,551</u>	<u>15,136</u>
FINANCING ACTIVITIES		
Proceeds from issue of trust units (net of costs)	435	59,345
Cash distributions to unitholders	(24,803)	(19,826)
Dividends	(298)	(203)
Increase in long-term debt	12,678	10,307
Change in non-cash working capital	1,328	(7,750)
	<u>(10,660)</u>	<u>41,873</u>
INVESTING ACTIVITIES		
Expenditures on capital assets	(11,238)	(12,170)
Acquisition of capital assets	(9,919)	(63,726)
Proceeds on disposal of capital assets	5,211	9,238
Cash reserved for future site restoration and reclamation	(733)	(379)
Expenditures on site restoration and reclamation	(544)	(685)
Gain on deemed disposition of units and investment income	1,595	-
Decrease in short-term investments	3,210	-
Corporate acquisition costs	(1,138)	-
	<u>(13,556)</u>	<u>(67,722)</u>
Increase (decrease) in cash for the period	(1,665)	(10,713)
Cash, beginning of the year	1,199	10,713
Cash, (bank indebtedness) end of the period	<u>(466)</u>	<u>-</u>

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Trading performance

Unit prices (dollars per trust unit)	For the quarter ended				
	Sept. 30/99	June 30/99	Mar. 31/99	Dec. 31/98	Sept. 30/98
High	7.70	7.05	6.05	6.50	7.10
Low	6.65	5.75	4.75	4.78	5.15
Close	7.10	6.80	6.00	5.05	5.80
Volume traded (millions of units)	3.22	2.37	3.76	3.55	2.77
Number of units outstanding (millions of units)	33.10	33.07	33.04	33.00	32.99
Distribution paid per trust unit	\$0.34	\$0.23	\$0.18	\$0.18	\$0.18

Forward-looking information

The information in this news release contains forward-looking statements with respect to PrimeWest. By their nature, these forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements. These risks and uncertainties include commodity price levels and differentials, operating costs, and other risks detailed from time to time in the publicly filed disclosure documents and securities commission reports of PrimeWest.

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