

No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. Information has been incorporated by reference in this Offer and Circular from documents filed with securities commissions or similar authorities in Canada, copies of which may be obtained upon request without charge from the Corporate Secretary of PrimeWest Energy Inc. at Suite 1600, 530 - 8th Avenue, S.W., Calgary, Alberta, T2P 3S8 (telephone: 403-234-6000). For purposes of the Province of Quebec, this exchange take-over bid circular contains information to be completed by consulting the permanent information record, a copy of which may be obtained from the Corporate Secretary of PrimeWest Energy Inc. at the above-mentioned address and telephone number.

This document is important and requires your immediate attention. If you are in any doubt as to how to deal with it, you should consult with your investment dealer, stockbroker, lawyer or other professional advisor.



**Offer to Purchase
by PRIMEWEST RESOURCES LTD. of
all of the outstanding Common Shares of
VENATOR PETROLEUM COMPANY LTD.**

**on the basis of, at the option of the holders of such Common Shares, 0.657 Trust Units of
PrimeWest Energy Trust or 0.657 Exchangeable Shares of PrimeWest Resources Ltd.
for each Common Share of Venator Petroleum Company Ltd.**

This offer (the "Offer") by PrimeWest Resources Ltd. (the "Offeror") to purchase all of the outstanding common shares (the "Venator Shares") of Venator Petroleum Company Ltd. ("Venator") will be open for acceptance until 5:00 p.m. (Calgary Time) on April 18, 2000 (the "Expiry Time"), unless withdrawn or extended. The Offer is conditional upon, among other things, there being validly deposited under the Offer and not withdrawn prior to the Expiry Time that number of Venator Shares which represents not less than 66²/₃% of the number of Venator Shares outstanding (on a fully diluted basis) as of the Expiry Time. All conditions to the Offer are described under "Conditions of the Offer" in Section 4 of the Offer.

VENATOR HAS ANNOUNCED THAT ITS BOARD OF DIRECTORS HAS UNANIMOUSLY RECOMMENDED THAT ITS SHAREHOLDERS ACCEPT THE OFFER.

PrimeWest Energy Trust ("PWT") is a Calgary-based conventional oil and gas royalty trust. The primary asset of PWT is a royalty equal to 99% of the net cash flow generated by the petroleum and natural gas interests held by PrimeWest Energy Inc. ("PWE"), after certain costs, expenditures and deductions. The Offeror is a wholly-owned subsidiary of PWE.

A holder of Venator Shares (each being a "Venator Shareholder") may elect to receive either 0.657 trust units of PWT ("PrimeWest Units") or 0.657 exchangeable shares of the Offeror ("Exchangeable Shares") for each Venator Share held. Holders of Exchangeable Shares will be entitled to exchange their Exchangeable Shares at any time for PrimeWest Units at the exchange ratio described below. The Exchangeable Shares will be automatically exchanged for PrimeWest Units on the fifth anniversary of the date that the Offeror first takes up and pays for Venator Shares deposited under the Offer. **In certain circumstances, the Offeror has the right to require a redemption of the Exchangeable Shares prior to that fifth anniversary.** The Exchangeable Shares are designed to provide an opportunity for Venator Shareholders to achieve a Canadian tax deferral in certain circumstances.

One Exchangeable Share is exchangeable for one PrimeWest Unit, subject to the following adjustment. On each date that a distribution (expressed as an amount per PrimeWest Unit, a "Distribution") is paid in respect of the PrimeWest Units (a "Distribution Date"), the number of PrimeWest Units into which one Exchangeable Share is exchangeable shall be increased by that number of PrimeWest Units which have a fair market value on that Distribution Date (determined based on the closing price of the PrimeWest Units on The Toronto Stock Exchange (the "TSE") on that date) equal to that portion of the Distribution which PWT declares to be a return of capital. The Offeror will declare and pay monthly dividends in an amount per Exchangeable Share equal to that portion of the Distribution paid during any month on that number of PrimeWest Units into which one Exchangeable Share is exchangeable at the beginning of that month which PWT declares to be income.

The PrimeWest Units are listed on the TSE. The closing price of the PrimeWest Units on the TSE on March 14, 2000, the last trading day immediately prior to the date on which the Offer was announced, and on March 24, was \$6.60 and \$6.45, respectively. The Venator Shares are listed on the Canadian Venture Exchange (the "CDNX"). The closing price of the Venator Shares on the CDNX on March 13, 2000, the last day prior to the date on which the Offer was announced on which a trade in the Venator Shares occurred, was \$3.75. The TSE has conditionally approved the listing of the PrimeWest Units that are issued pursuant to the Offer, as well as the PrimeWest Units that are issued on the exchange of Exchangeable Shares, subject to the fulfilment of all of the requirements of the TSE. The Offeror has not applied to list on any exchange the Exchangeable Shares that are issued pursuant to the Offer. In view of the relatively small number of Venator Shareholders, the Offeror does not anticipate that there will be a sufficient number of holders of Exchangeable Shares following completion of the Offer such that the minimum public distribution requirements of the TSE or any other Canadian exchange would be met.

Certain Venator Shareholders (the "Locked Venator Shareholders") have entered into agreements with PWT (the "Lock-up Agreements") in respect of an aggregate of 3,387,863 Venator Shares and options to acquire an additional 120,000 Venator Shares (such Venator Shares, collectively with the 3,387,863 Venator Shares currently held by the Locked Venator Shareholders, being the "Locked Venator Shares") pursuant to which they have agreed to exercise such options to acquire Venator Shares and to deposit all of the Locked Venator Shares to the Offer. The Locked Venator Shares represent approximately 52.4% of the outstanding Venator Shares (on a fully diluted basis). Under the terms of the Lock-up Agreements, the Locked Venator Shares may not be withdrawn and tendered into any competing offer.

The Offeror is not currently a reporting issuer in any jurisdiction and is not subject to the informational reporting requirements under the securities laws of any jurisdiction. The Offeror will become subject to those reporting requirements in certain Canadian jurisdictions as a result of filing the attached Offer and Circular in those jurisdictions and in certain other Canadian jurisdictions as a result of the Exchangeable Shares being listed on the TSE or any other recognized exchange (should such listing ever occur). The Offeror intends to apply for and expects to receive exemptions from those reporting requirements. Instead of complying with those reporting requirements (which would include filing separate financial statements for the Offeror), the Offeror will provide holders of Exchangeable Shares with the documents filed by PWT pursuant to the informational reporting requirements to which PWT is subject under applicable Canadian securities laws.

Venator Shareholders who wish to accept the Offer must properly complete and execute the accompanying Letter of Transmittal (printed on blue paper) or a manually executed facsimile thereof and deposit it, together with the certificates representing their Venator Shares and any other documents required by the Letter of Transmittal, in accordance with the instructions in the Letter of Transmittal. See Section 3 of the Offer, "Manner of Acceptance". Alternatively, Venator Shareholders may follow the procedure for guaranteed delivery described under "Manner of Acceptance - Procedure for Guaranteed Delivery" at Section 3 of the Offer. Venator Shareholders whose Venator Shares are registered in the name of an investment dealer, stockbroker, bank, trust company or other nominee should contact that nominee for assistance if they wish to accept the Offer.

Questions and requests for assistance may be directed to CIBC World Markets Inc. (the "Dealer Manager") or Montreal Trust Company of Canada (the "Depositary"). Additional copies of the Offer and Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery may be obtained without charge on request from the Dealer Manager or the Depositary at their respective offices shown on the last page of this Offer and Circular.

The Dealer Manager for the Offer is:

CIBC WORLD MARKETS INC.

March 27, 2000

NOTICE TO INVESTORS AND PROSPECTIVE INVESTORS WHO ARE U.S. PERSONS

THE PRIMEWEST UNITS AND EXCHANGEABLE SHARES OFFERED HEREBY HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

This exchange offer or business combination is made for the securities of a foreign company. The offer is subject to disclosure requirements of a foreign country that are different from those of the United States. Financial statements included in the document, if any, have been prepared in accordance with foreign accounting standards that may not be comparable to the financial statements of United States companies.

It may be difficult for you to enforce your rights and any claim you may have arising under the federal securities law, since the issuer is located in a foreign country, and some or all of its officers and directors may be residents of a foreign country. You may not be able to sue a foreign company or its officers or directors in a foreign court for violations of the U.S. securities laws. It may be difficult to compel a foreign company and its affiliates to subject themselves to a U.S. court's judgment.

You should be aware that the issuer may purchase securities otherwise than under the exchange offer, such as in open market or privately negotiated purchases.

This document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being made to, nor will deposits be accepted from or on behalf of, Venator Shareholders in any jurisdiction in which the making or acceptance thereof would not be in compliance with the laws of such jurisdiction. However, the Offeror may, in its sole discretion, take such action as it may deem necessary to extend the offer to Venator Shareholders in such jurisdiction.

TABLE OF CONTENTS

<u>Page</u>	<u>Page</u>
SUMMARY.....5	
The Offer.....5	
Total Units Outstanding.....5	
PWT.....5	
The Offeror.....5	
Attributes of the Exchangeable Shares.....6	
Venator.....6	
Pre-Offer Agreement.....6	
Lock-up Agreements.....7	
Purpose of the Offer.....7	
Background to and Benefits of the Combination.....7	
Selected Pro Forma Operating Information.....7	
Selected Pro Forma Financial Information.....8	
Time for Acceptance.....8	
Conditions of the Offer.....8	
Manner of Acceptance.....9	
Withdrawal of the Deposited Venator Shares.....9	
Payment.....9	
Stock Exchange Listings and Market Prices of PrimeWest Units and Venator Shares.....9	
Canadian Federal Income Tax Considerations.....10	
Soliciting Dealer Group.....10	
Depository.....10	
DEFINITIONS.....11	
ABBREVIATIONS.....17	
OFFER.....18	
1. THE OFFER.....18	
2. TIME FOR ACCEPTANCE.....19	
3. MANNER OF ACCEPTANCE.....19	
4. CONDITIONS OF THE OFFER.....22	
5. EXTENSION, VARIATION OR CHANGE IN THE OFFER.....25	
6. PAYMENT FOR DEPOSITED VENATOR SHARES.....26	
7. RIGHT TO WITHDRAW DEPOSITED VENATOR SHARES.....27	
8. REORGANIZATION AND DISTRIBUTIONS.....29	
9. NOTICE AND DELIVERY.....29	
10. MAIL SERVICE INTERRUPTION.....30	
11. MARKET PURCHASES.....30	
12. OTHER TERMS OF THE OFFER.....31	
CIRCULAR.....33	
1. PWT.....33	
2. THE OFFEROR.....33	
3. VENATOR.....42	
4. PRE-OFFER AGREEMENT.....44	
5. LOCK-UP AGREEMENTS.....47	
	6. BACKGROUND TO AND BENEFITS OF THE COMBINATION.....47
	7. PURPOSE OF THE OFFER AND PLANS FOR VENATOR.....49
	8. OWNERSHIP OF VENATOR SHARES.....51
	9. TRADING IN VENATOR SHARES.....51
	10. COMMITMENTS TO ACQUIRE VENATOR SHARES.....51
	11. ARRANGEMENTS, AGREEMENTS OR UNDERSTANDINGS.....52
	12. MATERIAL CHANGES IN THE AFFAIRS OF VENATOR AND OTHER INFORMATION.....52
	13. EFFECT OF THE OFFER ON MARKET AND LISTINGS.....52
	14. REGULATORY MATTERS.....53
	15. ACQUISITION OF VENATOR SHARES NOT DEPOSITED UNDER THE OFFER.....53
	16. CANADIAN FEDERAL INCOME TAX CONSIDERATIONS.....57
	17. OTHER MATTERS RELATING TO THE OFFER.....65
	18. EXPENSES OF THE OFFER.....66
	19. OFFEREE'S STATUTORY RIGHTS.....66
	CONSENT OF INDEPENDENT AUDITORS.....67
	CONSENT OF COUNSEL.....67
	APPROVAL AND CERTIFICATE OF THE OFFEROR68
	CERTIFICATE OF THE PROMOTERS.....69
	SCHEDULE A - INFORMATION CONCERNING PRIMEWEST ENERGY TRUST.....70
	1. DOCUMENTS INCORPORATED BY REFERENCE.....70
	2. BUSINESS OF PWT AND PWE.....70
	3. RECENT DEVELOPMENTS.....71
	4. THE PRIMEWEST DECLARATION OF TRUST.....72
	5. UNITHOLDER RIGHTS PLAN.....74
	6. PRICE RANGE AND TRADING VOLUME OF PRIMEWEST UNITS.....75
	7. RECORD OF CASH DISTRIBUTIONS.....75
	8. CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS REGARDING PRIMEWEST UNITS.....76
	9. ELIGIBILITY FOR INVESTMENT.....80
	10. LEGAL MATTERS.....80

11. AUDITORS, TRANSFER AGENT AND REGISTRAR	81
SCHEDULE B - UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS	82

SUMMARY

The following is a summary only and is qualified by the detailed provisions contained elsewhere in the Offer and the Circular. Venator Shareholders are urged to read the Offer and the Circular in their entirety. Capitalized terms used in this Summary, where not otherwise defined herein, are defined in the Offer and Circular. The information concerning Venator contained in this Summary and in the Offer and the Circular has been taken from or is based upon publicly available documents and records on file with Canadian securities regulatory authorities and other public sources at the time of the Offer, unless otherwise indicated, and cannot be independently verified by the Offeror. All currency amounts expressed herein, unless otherwise indicated, are expressed in Canadian dollars.

The Offer

The Offeror is offering to purchase, on the terms and subject to the conditions of the Offer, all of the issued and outstanding Venator Shares, including Venator Shares which may become outstanding on the exercise of currently outstanding options to purchase Venator Shares previously granted pursuant to the Venator Stock Option Plan. Venator Shareholders may elect to receive either 0.657 PrimeWest Units or 0.657 Exchangeable Shares for each Venator Share held.

The obligation of the Offeror to take up and pay for Venator Shares pursuant to the Offer is subject to certain conditions. See "Conditions of the Offer" at Section 4 of the Offer.

Total Units Outstanding

There are currently 35,848,116 PrimeWest Units outstanding. Venator has represented in the Pre-Offer Agreement that there are currently 6,284,216 Venator Shares outstanding and an additional 410,000 Venator Shares that are issuable pursuant to the exercise of outstanding options to purchase Venator Shares. Accordingly, the Offeror expects to issue or cause to be issued an aggregate of approximately 4,398,100 PrimeWest Units and Exchangeable Shares (assuming all Venator Shares are deposited to the Offer and all options to purchase Venator Shares are exercised).

PWT

PWT is an open-end investment trust created under the laws of Alberta pursuant to the PrimeWest Declaration of Trust. The beneficiaries of PWT are the holders of PrimeWest Units.

Schedule A to the Circular sets forth additional information concerning PWT, including the business of PWT and PWE, recent developments, a detailed description of the PrimeWest Declaration of Trust, the price range and trading volume of the PrimeWest Units for the period indicated, PWT's record of cash distributions and certain Canadian federal income tax considerations regarding PrimeWest Units.

Schedule B to the Circular sets forth certain unaudited pro forma consolidated financial statements of PWT, as at and for the year ended December 31, 1999, after giving effect to the acquisition by the Offeror of all of the Venator Shares pursuant to the Offer.

The Offeror

The Offeror is a wholly-owned subsidiary of PWE and was incorporated under the ABCA on October 22, 1996 as 713916 Alberta Ltd. The Offeror subsequently changed its name to PrimeWest

Resources Ltd. on February 27, 1997. The head, principal and registered office of the Offeror is located at 1600, 530 – 8th Avenue S.W., Calgary, Alberta T2P 3S8.

The Offeror had no significant operations prior to the indirect acquisition in November 1999 of certain shallow natural gas properties in southwestern Alberta for a purchase price of \$13.5 million. Additional information concerning the Offeror is set forth under "The Offeror" at Section 2 of the Circular.

Attributes of the Exchangeable Shares

Holders of Exchangeable Shares will be entitled to exchange their Exchangeable Shares at any time for PrimeWest Units at the exchange ratio described below. The Exchangeable Shares will be automatically exchanged for PrimeWest Units on the fifth anniversary of the date that the Offeror first takes up and pays for Venator Shares deposited under the Offer. **In certain circumstances, the Offeror has the right to require a redemption of the Exchangeable Shares prior to that fifth anniversary. See "Attributes of the Exchangeable Shares" under "The Offeror" at Section 2 of the Circular.**

One Exchangeable Share is exchangeable for one PrimeWest Unit, subject to the following adjustment. On each Distribution Date, the number of PrimeWest Units into which one Exchangeable Share is exchangeable shall be increased by that number of PrimeWest Units which have a fair market value on that Distribution Date (determined based on the closing price of the PrimeWest Units on the TSE on that date) equal to that portion of the Distribution paid on that Distribution Date which PWT declares to be a return of capital. The Offeror will declare and pay monthly dividends in an amount per Exchangeable Share equal to that portion of the Distribution paid during any month on that number of PrimeWest Units into which one Exchangeable Share is exchangeable at the beginning of that month which PWT declares to be income.

See "Attributes of the Exchangeable Shares" under "The Offeror" at Section 2 of the Circular.

Venator

Venator is a Calgary-based junior oil and gas company. The Venator Shares are listed on the CDNX under the symbol "VTP". See "Venator" at Section 3 of the Circular.

Certain additional information concerning Venator is set forth under "Venator" at Section 3 of the Circular, including the business of Venator, recent press releases and the price range and trading volume of the Venator Shares for the period indicated.

Pre-Offer Agreement

PWT and Venator have entered into the Pre-Offer Agreement, under which PWT agreed to make the Offer, and Venator agreed to support the Offer. Venator further agreed pursuant to the Pre-Offer Agreement to, among other things, cease and cause to be terminated all existing discussions and negotiations and not to solicit, initiate or knowingly encourage the initiation or continuation of any inquiries, discussions, negotiations, proposals or offers from anyone other than PWT or persons related to PWT in respect of any matter or thing which is inconsistent with the successful completion of the Offer and the merger of the operations of PWT and Venator, including any Take-over Proposal. The foregoing obligations of Venator are subject to a "fiduciary out" if a Superior Take-over Proposal is offered or made to Venator or the Venator Shareholders.

See "The Pre-Offer Agreement" at Section 4 of the Circular.

Lock-up Agreements

The Locked Venator Shareholders have entered into the Lock-up Agreements with PWT pursuant to which the Locked Venator Shareholders have agreed to deposit an aggregate of 3,387,863 Venator Shares to the Offer and to exercise options to acquire an additional 120,000 Venator Shares (such Venator Shares, collectively with the 3,387,863 Venator Shares currently held by the Locked Venator Shareholders, being the "Locked Venator Shares") and deposit those Venator Shares to the Offer. The Locked Venator Shares represent approximately 52.4% of the outstanding Venator Shares (on a fully diluted basis). Under the terms of the Lock-up Agreements, the Locked Venator Shares may not be withdrawn and tendered into any competing offer. See "The Lock-Up Agreements" at Section 5 of the Circular.

Purpose of the Offer

The purpose of the Offer is to enable the Offeror to acquire all of the outstanding Venator Shares and to combine the businesses of PWT and Venator. See "Purpose of the Offer and Plans for Venator" and "Acquisition of Venator Shares Not Deposited Under the Offer" at Sections 7 and 15, respectively, of the Circular.

Background to and Benefits of the Combination

Venator is a junior exploration and production company which has generated consistent increases in cashflow, as well as positive earnings, over the past number of years. The Offeror believes that the acquisition of all of the Venator Shares would significantly benefit the holders of PrimeWest Units, including those PrimeWest Units issued pursuant to the Offer and those issued pursuant to any Subsequent Acquisition Transaction. The Offeror believes that those benefits include increased distributions and the opportunity to exploit Venator's high quality reserves and undeveloped land base, as well as other potential development opportunities.

Selected Pro Forma Operating Information

The following table sets forth certain operating information for PWT and Venator, as well as pro forma information for PWT as at and for the year ended December 31, 1999, after giving effect to the acquisition by the Offeror of all of the Venator Shares pursuant to the Offer:

As at and for the year ended December 31, 1999 (1) (2)

	PWT	Venator	PWT and Venator
Established Reserves (before royalties)			
Crude oil and NGLs (mmbbls).....	26,222	2,128	28,350
Natural Gas (mmcf).....	224,497	6,628	231,125
Sulphur (mlt).....	619	nil	619
Average Daily Production			
Crude Oil and NGLs (bbls/d).....	7,251	609	7,860
Natural Gas (mcf/d).....	46,457	2,762	49,219
Total (boe/d)(3).....	11,897	885	12,782

Notes:

- (1) Information regarding Venator is derived from public sources.
- (2) Columns may not add due to rounding.
- (3) Natural gas volumes are converted to barrels of oil equivalent on the basis of one barrel of crude oil for ten thousand cubic feet of natural gas.

Selected Pro Forma Financial Information

The following table sets out certain financial information for PWT and Venator, as well as unaudited pro forma consolidated financial information for PWT, as at and for the year ended December 31, 1999, after giving effect to the acquisition by PWT of all of the Venator Shares pursuant to the Offer, and certain other adjustments. The following information does not take into account expected savings of general and administrative expenses, current Venator production of approximately 1,300 boe/d (as compared to Venator's average daily production during 1999 of 885 boe/d), the realization of certain identified operational savings, any incremental revenues that may be generated by the exploitation and development of Venator's properties by PWM or the monetization of Venator's undeveloped land base through farmout or sale. See "Benefits of the Combination" under "Background to and Benefits of the Combination" at Section 6 of the Circular. The following information should be read in conjunction with the unaudited pro forma consolidated financial statements of PWT as set forth in Schedule B to the Circular, including the notes thereto:

As at and for the year ended December 31, 1999 (1) (2)

	<u>PWT</u>	<u>Venator</u>	<u>PWT and Venator(3)</u>
Revenues, net of royalties	\$ 83,063	\$ 7,075	\$ 90,138
Distributions, aggregate.....	37,351	n/a	41,811
Distributions, per trust unit	1.10	n/a	1.09
Total Assets	320,210	16,789	355,095
Long-term Debt	92,179	2,187	94,366
Unitholders'/Shareholders' Equity	200,040	9,192	229,068

Notes:

- (1) Information regarding Venator is derived from public sources.
- (2) All amounts are in thousands except for per trust unit amounts.
- (3) These amounts include the effect of the acquisition fee payable to PWM.

Time for Acceptance

The Offer is open for acceptance until 5:00 p.m. (Calgary time) on April 18, 2000, or such later time and date or times and dates to which the Offer may be extended (the "Expiry Time"), unless withdrawn by the Offeror. See "Time for Acceptance" at Section 2 of the Offer.

Conditions of the Offer

The Offeror will have the right to withdraw the Offer, and will not be required to take up or pay for any Venator Shares deposited under the Offer, if any of the conditions described under "Conditions of the Offer" in Section 4 of the Offer have not been satisfied or waived at or before the Expiry Time. The

Offer is conditional upon, among other things, there being validly deposited under the Offer and not withdrawn prior to the Expiry Time that number of Venator Shares which represents at least $66\frac{2}{3}\%$ of the number of Venator Shares outstanding (on a fully diluted basis) as of the Expiry Time.

Manner of Acceptance

Venator Shareholders wishing to accept the Offer must deposit, before the Expiry Time, certificate(s) representing their Venator Shares together with a Letter of Transmittal (or a facsimile thereof), properly completed and signed, at any one of the offices of the Depository specified in the Letter of Transmittal. Instructions are contained in the Letter of Transmittal. See "Manner of Acceptance" at Section 3 of the Offer. If a Venator Shareholder wishes to deposit Venator Shares pursuant to the Offer and the certificate(s) representing such Venator Shares are not immediately available, or if the certificate(s) and all other required documents cannot be provided to the Depository at or prior to the Expiry Time, those Venator Shares may nevertheless be deposited in compliance with the procedure for guaranteed delivery. See "Manner of Acceptance - Procedure for Guaranteed Delivery" at Section 3 of the Offer. Venator Shareholders whose Venator Shares are registered in the name of an investment dealer, stockbroker, bank, trust company or other nominee should contact that nominee for assistance if they wish to accept the Offer. **No fee or commission will be payable by those Venator Shareholders who deliver Venator Shares directly to the Depository or who make use of the facilities of a member of the Soliciting Dealer Group to accept the Offer.**

Withdrawal of the Deposited Venator Shares

Any Venator Shares deposited in acceptance of the Offer may be withdrawn by or on behalf of the depositing Venator Shareholder at any time before midnight (local time at the place of deposit) on April 17, 2000, and, unless already taken up and paid for by PWT, at any time after May 11, 2000. Additional withdrawal rights may be available under other circumstances as required by applicable law. See "Right to Withdraw Deposited Venator Shares" at Section 7 of the Offer. Except as so indicated or as otherwise required by applicable law, tenders of Venator Shares are irrevocable.

Payment

Upon the terms and subject to the conditions of the Offer (as the same may be amended or waived), PWT will take up Venator Shares duly and validly deposited under the Offer in accordance with its terms as soon after the Expiry Time as the Offeror is permitted by law to take up such securities. The Offeror will pay for Venator Shares taken up under the Offer in accordance with its terms as soon as is practicable but in any event not later than on or before the date on which the Offeror is required by law to make such payment. See "Payment for Deposited Venator Shares" at Section 6 of the Offer.

Stock Exchange Listings and Market Prices of PrimeWest Units and Venator Shares

The PrimeWest Units are listed on the TSE. The closing price of the PrimeWest Units on the TSE on March 14, 2000, the last trading day immediately prior to the date on which the Offer was announced, and on March 24, 2000 was \$6.60 and \$6.45, respectively. The Venator Shares are listed on the CDNX. The closing price of the Venator Shares on the CDNX on March 13, 2000, the last day prior to the date on which the Offer was announced on which a trade in the Venator Shares occurred, was \$3.75. The TSE has conditionally approved the listing of the PrimeWest Units that are issued pursuant to the Offer, as well as the PrimeWest Units that are issued on the exchange of Exchangeable Shares, subject to the fulfilment of all of the requirements of the TSE.

The Offeror has not applied to list on any exchange the Exchangeable Shares that are issued pursuant to the Offer. In view of the relatively small number of Venator Shareholders, the Offeror does not anticipate that there will be a sufficient number of holders of Exchangeable Shares following completion of the Offer such that the minimum public distribution requirements of the TSE or any other Canadian exchange would be met.

Canadian Federal Income Tax Considerations

Venator Shareholders should carefully read the information under "Canadian Federal Income Tax Considerations" at Section 16 of the Circular, which qualifies the information set forth below.

For Canadian federal income tax purposes, a Venator Shareholder who for purposes of the Tax Act is resident in Canada, holds Venator Shares as capital property and elects or is deemed to elect to receive PrimeWest Units under the Offer, generally will realize a capital gain (or capital loss) equal to the amount by which the fair market value of the PrimeWest Units received by such holder in exchange for that holder's Venator Shares, net of any reasonable costs incurred by the Venator Shareholder in connection with the exchange, exceeds (or is less than) the adjusted cost base to such holder of the Venator Shares so exchanged. A Venator Shareholder who is an Eligible Holder and who exchanges Venator Shares for Exchangeable Shares will be permitted to elect jointly with the Offeror, in prescribed form pursuant to section 85 of the Tax Act, to obtain a tax-deferred "rollover" in respect of such exchange.

The foregoing is a brief summary of Canadian federal income tax consequences only. Venator Shareholders are urged to review Section 16 of the Circular and consult their own tax advisors to determine the particular tax consequences to them of a sale of Venator Shares pursuant to the Offer or a disposition of Venator Shares pursuant to any Subsequent Acquisition Transaction.

Soliciting Dealer Group

CIBC World Markets Inc. has been retained to act as Dealer Manager to form a Soliciting Dealer Group, comprised of members of the Investment Dealers Association of Canada and members of Canadian stock exchanges, to solicit acceptances of the Offer in Canada. The Offeror will pay soliciting dealers certain fees, as described at Section 17 of the Circular, "Other Matters Relating to the Offer — Dealer Manager and Soliciting Dealer Group". No fee or commission will be payable by Venator Shareholders who deliver Venator Shares directly to the Depository or use the facilities of the Soliciting Dealer Group to accept the Offer.

Depository

Montreal Trust Company of Canada is acting as Depository under the Offer. The Depository will receive deposits of Letters of Transmittal and the accompanying certificates representing Venator Shares and documentation necessary to effect transfers of the Venator Shares at its specified offices in Toronto and Calgary, and Notices of Guaranteed Delivery will be accepted at the specified offices of the Depository in Toronto only.

DEFINITIONS

In the accompanying Summary, Offer and Circular, unless the context otherwise requires, the following terms shall have the meanings indicated:

"**ABCA**" means the *Business Corporations Act* (Alberta), as amended.

"**ASA**" means the *Securities Act* (Alberta), as amended.

"**affiliate**" has the meaning given to that term in the ASA.

"**Ancillary Rights**" means the optional Exchange Rights and the automatic exchange right that is exercised in the event of a PrimeWest Liquidation Event.

"**associate**" has the meaning given to that term in the ASA.

"**CDNX**" means the Canadian Venture Exchange.

"**CVMQ**" means the Commission des valeurs mobilières du Québec.

"**Call Rights**" means the Liquidation Call Right, the Redemption Call Right and the Retraction Call Right, collectively.

"**Circular**" means the take-over bid circular accompanying the Offer and forming a part thereof.

"**Compulsory Acquisition**" has the meaning given to that term under "Acquisition of Venator Shares not Deposited Under the Offer" at Section 15 of the Circular.

"**Dealer Manager**" means CIBC World Markets Inc.

"**Depository**" means Montreal Trust Company of Canada at its offices specified in the Letter of Transmittal.

"**Distribution**" means a monthly distribution paid by PWT in respect of the PrimeWest Units, expressed as an amount per PrimeWest Unit.

"**Distribution Date**" means a date on which a Distribution is paid.

"**Eligible Holder**" means a Venator Shareholder (i) who is a resident of Canada for purposes of the Tax Act, other than any such holder who is exempt from tax under the Tax Act, or (ii) which is a partnership that owns Venator Shares if one or more of its members would be an Eligible Holder if such member held such shares directly.

"**Eligible Institution**" means a Canadian chartered bank or a trust company in Canada, a firm which is a member of a recognized stock exchange or the Investment Dealers Association of Canada or a member firm of the Securities Transfer Agent Medallion Program.

"Employee Obligations" means any obligations or liabilities of Venator to pay any amount to or on behalf of its officers, directors, or employees, other than for salary, bonuses under their existing bonus arrangements and directors' fees in the ordinary course, in each case in amounts consistent with historic practices and, without limiting the generality of the foregoing, Employee Obligations shall include the obligations of Venator to officers or employees (i) for severance or termination payments on the change of control of Venator pursuant to any executive involuntary severance and termination agreements in the case of officers and pursuant to Venator's severance policy in the case of employees and (ii) for retention bonus payments pursuant to any retention bonus program or executive employment agreement.

"Established Reserves" means those reserves determined to be Proved Reserves, plus those reserves determined to be Probable Reserves, the Probable Reserves being reduced by 50% to reflect the risks associated with recovery of those reserves.

"Exchange Ratio", at any time and in respect of each Exchangeable Share, shall initially be equal to one, and shall be increased on each Distribution Date between the time at which that Exchangeable Share was issued and the time as of which the Exchange Ratio is being calculated by an amount, rounded to the nearest five decimal places, equal to a fraction having as its numerator the product of the then current Exchange Ratio and the portion of the Distribution, expressed as an amount per PrimeWest Unit, paid on that Distribution Date that PWT declares to be a return of capital, and having as its denominator the closing price of the PrimeWest Units on the TSE on that Distribution Date.

"Exchange Rights" means the optional exchange right granted to the Trustee for the use and benefit of the holders of the Exchangeable Shares pursuant to the Exchange Trust Agreement to require PWT to exchange or purchase, or cause PWE to exchange or purchase, Exchangeable Shares for PrimeWest Units, plus an additional amount equal to any declared and unpaid dividends on such Exchangeable Shares, upon the occurrence of an Offeror Insolvency Event, or upon a Call Right being exercisable and PWT and PWE electing not to exercise such Call Right.

"Exchange Trust Agreement" means the Exchange Trust Agreement to be entered into among PWT, PWE, the Offeror and the Trustee.

"Exchangeable Share Provisions" means the rights, privileges, restrictions and conditions attaching to the Exchangeable Shares.

"Exchangeable Shares" means the exchangeable shares of the Offeror having the attributes set forth under "Attributes of the Exchangeable Shares" under "The Offeror" at Section 2 of the Circular.

"Exchangeable Shares Transfer Agent" means The Trust Company of Bank of Montreal, or any successor thereto that is appointed by the Offeror to act as transfer agent and registrar for the Exchangeable Shares.

"Expiry Time" means 5:00 p.m. (Calgary time) on April 18, 2000, or such later time and date or times and dates as may be fixed by the Offeror from time to time as set forth under "Extension, Variation or Change in the Offer" at Section 5 of the Offer.

"fully diluted basis" means, with respect to the number of outstanding Venator Shares at any time, the number of Venator Shares that would be outstanding at that time, assuming all options and other rights to acquire Venator Shares outstanding at that time had been exercised.

"Joint Election" means a joint election between an Eligible Holder and the Offeror under subsection 85(1) (where the Eligible Holder is not a partnership) or 85(2) (where the Eligible Holder is a partnership) of the Tax Act (and the corresponding provisions of any applicable provincial income tax legislation) in respect of the disposition of the Eligible Holder's Venator Shares pursuant to the Offer.

"Letter of Transmittal" means the Letter of Transmittal (printed on blue paper) in the form accompanying the Offer and Circular, or a facsimile thereof.

"Liquidation Call Right" means the overriding right of PWT and PWE, in the event of a proposed liquidation, dissolution or winding-up of the Offeror, to purchase all of the outstanding Exchangeable Shares (other than Exchangeable Shares held by PWT or PWE) from the holders thereof on the effective date of any such liquidation, dissolution or winding-up in exchange for PrimeWest Units, plus an additional amount equal to all declared and unpaid dividends, if any, on such Exchangeable Shares, pursuant to the Exchangeable Share Provisions.

"Lock-up Agreements" means the Lock-up Agreements between the Locked Venator Shareholders and PWT and described under "The Lock-up Agreements" at Section 5 of the Circular.

"Locked Venator Shareholders" means those certain Venator Shareholders who have entered into the Lock-up Agreements with PWT.

"Locked Venator Shares" means, collectively, the Venator Shares currently held by the Locked Venator Shareholders and the Venator Shares issuable on the exercise of the options to purchase 120,000 Venator Shares granted to and currently held by the Locked Venator Shareholders.

"Material Adverse Change" means any change (or any condition, event or development involving a prospective change) in the business, operations, results of operations, assets, capitalization, financial condition, licenses, permits, concessions, rights, liabilities, prospects or privileges, whether contractual or otherwise, of a party which is materially adverse to the business of that party, which shall include in respect of Venator a determination by PWT, acting reasonably, following due investigation, that there exists (a) a material defect or deficiency in the title to Venator's assets, or (b) a previously undisclosed encumbrance of material significance on Venator's assets; but "Material Adverse Change" shall not include a change resulting from (i) a matter that has been publicly disclosed or of which the other party has been advised of in writing as of the date of the Pre-Offer Agreement, (ii) a change in commodity prices, or (iii) a change in currency exchange rates.

"Material Adverse Effect" means any effect that is, or would reasonably be expected to be, material and adverse to the business, operations or financial condition of PWT or Venator, as applicable, on a consolidated basis.

"Minimum Condition" has the meaning given to that term in paragraph (a) under "Conditions of the Offer" at Section 4 of the Offer.

"Minimum Required Shares" means that number of Venator Shares required pursuant to the Minimum Condition.

"NGLS" means natural gas liquids.

"**Notice of Guaranteed Delivery**" means the Notice of Guaranteed Delivery for Deposit of Venator Shares (printed on green paper) in the form accompanying the Offer and Circular, or a facsimile thereof.

"**OSC**" means the Ontario Securities Commission.

"**Offer**" means the offer to purchase Venator Shares made hereby.

"**Offer Period**" means the period commencing on the date of the Offer and ending at the Expiry Time.

"**Offeror**" means PrimeWest Resources Ltd., a corporation incorporated under the laws of Alberta.

"**Offeror Insolvency Event**" means the institution by the Offeror of any proceeding to be adjudicated a bankrupt or insolvent or to be dissolved or wound up, or the consent of the Offeror to the institution of bankruptcy, insolvency, dissolution or winding-up proceedings against it, or the filing of a petition, answer or consent seeking dissolution or winding-up under any bankruptcy, insolvency or analogous laws, including without limitation the *Companies Creditors' Arrangement Act* (Canada) and the *Bankruptcy and Insolvency Act* (Canada), and the failure by the Offeror to contest in good faith any such proceedings commenced in respect of the Offeror within 15 days of becoming aware thereof, or the consent by the Offeror to the filing of any such petition or to the appointment of a receiver, or the making by the Offeror of a general assignment for the benefit of creditors, or the admission in writing by the Offeror of its inability to pay its debts generally as they become due, or the Offeror not being permitted, pursuant to solvency requirements of applicable law, to redeem any Exchangeable Shares pursuant to the Exchangeable Share Provisions.

"**Other Securities**" has the meaning given to that term under "Manner of Acceptance General" at Section 3 of the Offer.

"**PWE**" means PrimeWest Energy Inc., a corporation incorporated under the *Business Corporations Act* (Alberta).

"**PWM**" means PrimeWest Management Inc., a corporation incorporated under the *Business Corporations Act* (Alberta).

"**PWT**" means PrimeWest Energy Trust, an open-end investment trust organized under the laws of Alberta.

"**Policy 9.1**" means Policy Statement No. 9.1 of the OSC.

"**Policy Q-27**" means Policy Statement No. Q-27 of the CVMQ.

"**Pre-Offer Agreement**" means the agreement dated March 14, 2000 between PWT and Venator.

"**PrimeWest Declaration of Trust**" means the declaration of trust dated as of August 2, 1996 and restated as of July 19, 1999 among PWE and the Trust Company of Bank of Montreal, as trustee, as amended.

"**PrimeWest Independent Board**" means the directors of PWE who are not nominees of the PWM.

"PrimeWest Liquidation Event" means (i) any determination by the board of directors of PWE to institute voluntary liquidation, dissolution or winding-up proceedings (not including a reorganization under applicable bankruptcy laws) with respect to PWT or to effect any other distribution of assets of PWT among the PrimeWest Unitholders for the purpose of winding-up its affairs, or (ii) receipt by PWT of notice of, or PWT otherwise becoming aware of, any threatened or instituted claim, suit, petition or other proceeding with respect to the involuntary liquidation, dissolution or winding-up (not including a reorganization under applicable bankruptcy laws) of PWT or to effect any other distribution of assets of PWT among the PrimeWest Unitholders for the purpose of winding-up its affairs.

"PrimeWest Royalty" has the meaning given to that term under "Business of PWT and PWE" under "PWT" at Section 2 of Schedule A to the Circular.

"PrimeWest Unitholders" means the holders of PrimeWest Units.

"PrimeWest Units" means the trust units of PWT as constituted on the date hereof.

"Probable Reserves" means those reserves which analysis of drilling, geological, geophysical and engineering data does not demonstrate to be proved, but where such analysis suggests the likelihood of their existence and future recovery under current technology and existing or anticipated economic conditions. Probable reserves to be obtained by the application of enhanced recovery processes will be the increased recovery over and above estimated Proved Reserves which can be realistically estimated for the pool on the basis of enhanced recovery processes which can be reasonably expected to be instituted in the future.

"Proved Reserves" means those reserves estimated as recoverable with a high degree of certainty under current technology and existing economic conditions, in the case of constant price and cost analyses, and anticipated economic conditions, in the case of escalated cost and price analyses, from that portion of a reservoir which can be reasonably evaluated as economically productive on the basis of analysis of drilling, geological, geophysical and engineering data, including the reserves to be obtained by enhanced recovery processes demonstrated to be economic and technically successful in the subject reservoir.

"Purchased Venator Shares" has the meaning given to that term under "Manner of Acceptance General" at Section 3 of the Offer.

"Redemption Call Right" means the overriding right of PWT and PWE to purchase (a) all of the outstanding Exchangeable Shares (other than Exchangeable Shares held by PWT and PWE) from the holders thereof on the date fixed for redemption thereof, (b) a pro rata portion of the Exchangeable Shares (such portion to be determined by PWT) in the event that PWT estimates that the aggregate of all dividends (other than "excluded dividends" within the meaning of the Tax Act) to be declared on the Exchangeable Shares in a calendar year will exceed \$500,000, or (c) all of the outstanding Exchangeable Shares (other than Exchangeable Shares held by PWT and PWE) from the holders thereof at any time when the aggregate number of issued and outstanding Exchangeable Shares and other shares of the Offeror or any affiliate of the Offeror or PWT having terms that are not materially commercially different from those of the Exchangeable Shares (other than Exchangeable Shares and any such other shares held by PWT or PWE) is less than 200,000, in exchange for PrimeWest Units, plus an additional amount equivalent to all declared and unpaid dividends on such Exchangeable Shares, pursuant to the Exchangeable Share Provisions.

"Retraction Call Right" means the overriding right of PWT and PWE, in the event of a proposed redemption of Exchangeable Shares pursuant to a Retraction Request given by the holder thereof, to purchase from such holder on the Retraction Date all of the Exchangeable Shares tendered for redemption in exchange for PrimeWest Units, plus an additional amount equivalent to all declared and unpaid dividends on such Exchangeable Shares, pursuant to the Exchangeable Share Provisions.

"Retraction Date" means a date, determined by a holder of Exchangeable Shares, on which such holder can require the Offeror to redeem such holder's Exchangeable Shares, as further set out in the Exchangeable Share Provisions and described under "Attributes of the Exchangeable Shares" under "The Offeror" at Section 2 of the Circular.

"Retraction Request" means a duly executed notice given by a holder of Exchangeable Shares in the form of Schedule A to the Exchangeable Share Provisions, or in such other form as may be acceptable to the Offeror, pursuant to which such holder can require the Offeror to redeem such holder's Exchangeable Shares.

"Soliciting Dealer Group" has the meaning given to that term under "Dealer Manager and Soliciting Dealer Group" under "Other Matters Relating to the Offer" at Section 17 of the Circular.

"Subsequent Acquisition Transaction" has the meaning given to that term under "Acquisition of Venator Shares Not Deposited Under the Offer" at Section 15 of the Circular.

"Superior Take-over Proposal" means any bona fide written Take-over Proposal which, in the opinion of Venator's board of directors, acting reasonably and in good faith and after consultation with its financial advisors, constitutes a commercially feasible transaction for which adequate financial arrangements have been made and which could be carried out within a time frame that is reasonable in the circumstances and, if consummated, would likely be superior to the Offer from a financial point of view to Venator and to the Venator Shareholders.

"Support Agreement" means the Support Agreement to be entered into among the Offeror, PWT and PWE.

"Take-over Proposal" means in respect of Venator or its assets, any proposal or offer regarding any take-over bid, merger, consolidation, amalgamation, arrangement, sale of a material amount of assets, sale of treasury shares (other than pursuant to currently outstanding options to acquire Venator Shares) or other business combination or similar transaction, other than the Offer.

"TSE" means The Toronto Stock Exchange.

"Tax Act" means the *Income Tax Act* (Canada).

"Trustee" means The Trust Company of Bank of Montreal, or any successor thereto that is appointed to act as trustee under the Exchange Trust Agreement.

"Venator" means Venator Petroleum Company Ltd., a corporation incorporated under the ABCA.

"Venator Shareholders" means the holders of Venator Shares.

"**Venator Shares**" means the common shares of Venator.

"**Venator Stock Option Plan**" means the plan established by Venator authorizing the granting of options to purchase Venator Shares to Venator's directors, officers, employees and consultants.

"**Working Capital**" means an amount determined at a specified time equal to the following:

- (a) the amount of Venator's current assets, including an accrual for amounts to be paid on the exercise of the options to acquire Venator Shares excluding any options to acquire Venator Shares to be terminated pursuant to the Pre-Offer Agreement, minus
- (b) the amount of Venator's liabilities (both current and long term, excluding deferred income tax liabilities and future site restoration and abandonment provision), which shall include the estimated amount of all Employee Obligations and an amount equal to all taxes which would ordinarily become payable in respect of the period from January 1, 2000 to the date two days immediately preceding the date on which the Offer is mailed to Venator Shareholders on the basis that a change of control of Venator occurred on such date;

determined (except as otherwise specified above) in accordance with generally accepted accounting principles applicable in Canada applied on a basis consistent with Venator's past practices.

ABBREVIATIONS

The following abbreviations are used herein to represent the following terms:

"**bbls**" means barrels.

"**bbls/d**" means barrels per day.

"**bcf**" means billion cubic feet.

"**boe**" means barrels of oil equivalent derived by converting ten mcf of natural gas to one barrel of oil equivalent and one barrel of natural gas liquids to one barrel of oil equivalent. The factors used to convert natural gas and natural gas liquids to oil equivalent are not based on either energy content or prices, but are commonly used industry benchmarks.

"**boe/d**" means barrels of oil equivalent per day.

"**mbbls**" means thousand barrels.

"**mcf**" means thousand cubic feet.

"**mlt**" means thousand long tons.

"**mmcf**" means million cubic feet.

"**mmcf/d**" means million cubic feet per day.

OFFER

The accompanying Circular, Letter of Transmittal and Notice of Guaranteed Delivery, which are incorporated into and form part of the Offer, contain important information which should be read carefully before making a decision with respect to the Offer. The accompanying definitions are also incorporated into and form part of the Offer.

March 27, 2000

TO THE HOLDERS OF VENATOR SHARES

1. THE OFFER

The Offeror hereby offers to purchase, during the Offer Period, on and subject to the following terms and conditions, all of the issued and outstanding Venator Shares, including Venator Shares which may become outstanding on the exercise of currently outstanding options to purchase Venator Shares previously granted pursuant to the Venator Stock Option Plan. Each Venator Shareholder may elect to receive either 0.657 PrimeWest Units or 0.657 Exchangeable Shares for each Venator Share held.

A Venator Shareholder that accepts the Offer but does not make an election to receive PrimeWest Units or Exchangeable Shares, or improperly makes that election, will be deemed to have elected to receive Exchangeable Shares.

The Offer is made only for Venator Shares and is not made for any options, warrants or other rights to acquire Venator Shares including, without limitation, any options to purchase Venator Shares pursuant to the Venator Stock Option Plan. Any holder of such options, warrants or other rights to purchase Venator Shares who wishes to accept the Offer must exercise the options, warrants or other rights and obtain certificates representing Venator Shares and deposit those Venator Shares under the Offer. Any such exercise must be sufficiently in advance of the Expiry Time to assure the holders of options, warrants and other rights to purchase Venator Shares that they will have Venator Share certificates available for deposit before the Expiry Time, or in sufficient time to comply with the procedures referred to under "Manner of Acceptance Procedure for Guaranteed Delivery" at Section 3 of the Offer.

No fractional PrimeWest Units or Exchangeable Shares shall be issued pursuant to the Offer. In lieu of fractional PrimeWest Units and Exchangeable Shares, each Venator Shareholder accepting the Offer that would otherwise receive a fraction of a PrimeWest Unit or Exchangeable Share will receive a whole PrimeWest Unit or Exchangeable Share, as applicable.

A more detailed description of the PrimeWest Units and the Exchangeable Shares is respectively provided under "The PrimeWest Declaration of Trust" at Section 4 of Schedule A to the Circular and under "Attributes of the Exchangeable Shares" under "The Offeror" at Section 2 of the Circular.

Depositing Venator Shareholders will not be obliged to pay brokerage fees or commissions if they accept the Offer by depositing their Venator Shares directly with the Depositary or if they use the services of the Dealer Manager or a member of the Soliciting Dealer Group to accept the Offer. See "Depositary" and "Dealer Manager and Soliciting Dealer Group" under "Other Matters Relating to the Offer" at Section 17 of the Circular.

The obligation of the Offeror to take up and pay for Venator Shares deposited to the Offer is subject to certain conditions which are described under "Conditions of the Offer" at Section 4 of the Offer.

2. TIME FOR ACCEPTANCE

The Offer is open for acceptance at any time from the date hereof until 5:00 p.m. (Calgary time) on April 18, 2000, or until such later time and date or times and dates to which the Offer may be extended (the "Expiry Time"), unless withdrawn by the Offeror. See "Extension, Variation or Change in the Offer" at Section 5 of the Offer.

3. MANNER OF ACCEPTANCE

The Offer may be accepted by delivering the following to the Depositary at any of its offices listed in the accompanying Letter of Transmittal (printed on blue paper), so as to be received before the Expiry Time:

- (a) the certificate or certificates representing the Venator Shares in respect of which the Offer is being accepted;
- (b) a Letter of Transmittal in the accompanying form (or a facsimile thereof), properly completed and duly executed as required by the rules and instructions set out in the Letter of Transmittal; and
- (c) any other documents specified in the instructions set out in the Letter of Transmittal.

If the certificate or certificates representing Venator Shares are not available for deposit prior to the Expiry Time, Venator Shareholders may accept the Offer by complying with the procedure for guaranteed delivery described below. Except as otherwise provided in the instructions in the Letter of Transmittal, all signatures on the Letter of Transmittal, certificates representing Venator Shares and, if necessary, the Notice of Guaranteed Delivery must be guaranteed by an Eligible Institution. If a Letter of Transmittal is executed by a person other than the registered holder of the Venator Shares deposited therewith, and in certain other circumstances described in the Letter of Transmittal, then the certificate or certificates representing such Venator Shares must be endorsed or accompanied by an appropriate stock transfer power of attorney duly and properly completed by the registered holder, with the signature on the endorsement panel or stock transfer power of attorney guaranteed by an Eligible Institution.

Procedure for Guaranteed Delivery

If a Venator Shareholder wishes to deposit Venator Shares to the Offer and either the certificate or certificates representing the Venator Shares are not immediately available or the Venator Shareholder is not able to deliver the certificate or certificates and all other required documents to the Depositary before the Expiry Time, those Venator Shares may nevertheless be deposited under the Offer, provided that all of the following conditions are met:

- (a) the deposit is made by or through an Eligible Institution;
- (b) a properly completed and duly executed Notice of Guaranteed Delivery (printed on green paper) in the form accompanying this Offer (or a facsimile thereof), together with a guarantee by an Eligible Institution of the delivery of the certificate or certificates representing the Venator Shares referenced therein, as set forth in paragraph (c) below, is received by the Depositary before the Expiry Time at its office in Toronto as set forth in the accompanying Notice of Guaranteed Delivery; and
- (c) the certificate or certificates representing deposited Venator Shares, in proper form for transfer, together with a properly completed and duly executed Letter of Transmittal (or a

facsimile thereof) respecting such Venator Shares, and all other documents required by the Letter of Transmittal, are received by the Depositary at its office in Toronto before 4:30 p.m. (Toronto time) on the third trading day on the TSE after the Expiry Time.

The Notice of Guaranteed Delivery may be delivered by hand or transmitted by facsimile transmission or mailed to be received by the Depositary at its office in Toronto as set forth in the Notice of Guaranteed Delivery and must include a guarantee by an Eligible Institution in the form set forth in the Notice of Guaranteed Delivery.

General

The Offer will be deemed to be accepted only if the Depositary actually has received the requisite documents at or before the time specified. In all cases, payment for the Venator Shares deposited and taken up by the Offeror pursuant to the Offer will be made only after timely receipt by the Depositary of certificates representing the Venator Shares, a properly completed and duly executed Letter of Transmittal (or a facsimile thereof) respecting such Venator Shares with the signatures thereon guaranteed, if required, in accordance with the instructions and rules set out in the Letter of Transmittal, and any other required documents.

The method of delivery of the certificates representing Venator Shares, the Letter of Transmittal, the Notice of Guaranteed Delivery and all other required documents is at the option and risk of the person depositing those documents. The Offeror recommends that those documents be delivered by hand to the Depositary and that a receipt be obtained or, if mailed, that registered mail, properly insured, be used with an acknowledgement of receipt requested.

Venator Shareholders whose Venator Shares are registered in the name of a stockbroker, investment dealer, bank, trust company or other nominee should contact that nominee for assistance in depositing their Venator Shares.

The execution of a Letter of Transmittal irrevocably appoints the Depositary, the Offeror, and any other person designated by the Offeror in writing, and each of them, as the true and lawful agents, attorneys and attorneys-in-fact and proxies of the Venator Shareholder delivering the Letter of Transmittal with respect to Venator Shares registered in the name of the holder on the securities registers maintained by Venator, deposited pursuant to the Offer and purchased by the Offeror (the "Purchased Venator Shares"), and with respect to any and all securities, rights, warrants or other interests accrued, declared, issued, transferred, made or distributed on or in respect of the Purchased Venator Shares on or after the date of the announcement of the Offer (collectively, the "Other Securities"), effective from and after the date that the Offeror takes up and pays for the Purchased Venator Shares (the "Effective Date"), with full power of substitution, in the name and on behalf of such Venator Shareholder (such power of attorney being deemed to be an irrevocable power coupled with an interest), to:

- (a) register or record, transfer and enter the transfer of Purchased Venator Shares and Other Securities on the appropriate registers of holders maintained by Venator;
- (b) vote, execute and deliver any instruments of proxy, authorizations or consents in form and on terms satisfactory to the Offeror in respect of any Purchased Venator Shares and any or all Other Securities, revoke any such instrument, authorization or consent given prior to or after the Effective Date, designate in any such instruments of proxy any person or persons as the proxy or the proxy nominee or nominees of the Venator Shareholder in respect of such Purchased Venator Shares or Other Securities for all purposes including,

without limitation, in connection with any meeting (whether annual, special or otherwise and any adjournments thereof) of holders of securities of Venator;

- (c) execute, endorse and negotiate, for and in the name of and on behalf of the registered holder of the Purchased Venator Shares or any Other Securities, any and all cheques or other instruments representing any distribution payable to or to the order of such holder in respect of such Purchased Venator Shares or Other Securities; and
- (d) exercise any other rights of a holder of Purchased Venator Shares or any Other Securities.

A holder of Purchased Venator Shares or Other Securities who executes a Letter of Transmittal also agrees, effective on and after the Effective Date:

- (a) not to vote any of the Purchased Venator Shares or Other Securities at any meeting (whether annual, special or otherwise and any adjournments thereof) of holders of securities of Venator;
- (b) not to exercise any other rights or privileges attached to any of the Purchased Venator Shares or Other Securities; and
- (c) to execute and deliver to the Offeror any and all instruments of proxy, authorizations or consents received in respect of the Purchased Venator Shares or Other Securities and to designate in any such instruments of proxy the person or persons specified by the Offeror as the proxy or proxy nominee or nominees of the holder of the Purchased Venator Shares and Other Securities.

At the date on which the Offeror purchases the Purchased Venator Shares, all prior proxies given by the holder of those Purchased Venator Shares with respect to those Venator Shares and to any Other Securities shall be revoked and no subsequent proxies may be given by such holder with respect thereto.

A holder of Purchased Venator Shares or Other Securities who executes a Letter of Transmittal covenants to execute, upon request, any additional documents, transfers and other assurances as may be necessary or desirable to complete the sale, assignment and transfer of the Purchased Venator Shares or Other Securities to the Offeror and acknowledges that an authority therein conferred or agreed to be conferred shall survive the death or incapacity, bankruptcy or insolvency of the holder and all obligations of the holder therein shall be binding upon the heirs, personal representatives, successors and assigns of the holder.

All questions as to the validity, form, eligibility (including timely receipt) and acceptance of any Venator Shares deposited pursuant to the Offer will be determined by the Offeror in its sole discretion, and depositing Venator Shareholders agree that such determination shall be final and binding. The Offeror reserves the absolute right to reject any and all deposits that it determines are not in proper form or that, in the opinion of its counsel, may be unlawful for it to accept under the laws of any applicable jurisdiction. The Offeror reserves the absolute right to waive any defect or irregularity in the deposit of any Venator Shares. There will be no duty or obligation on the Offeror, the Dealer Manager, the Depository or any other person to give notice of any defects or irregularities in any deposit and no liability will be incurred by any of them for failure to give any such notice. The Offeror's interpretation of the terms and conditions of the Offer, the Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery will be final and binding.

The deposit of Venator Shares pursuant to the procedures herein will constitute a binding agreement between the depositing Venator Shareholder and the Offeror upon the terms and subject to the

conditions of the Offer, including the depositing Venator Shareholder's representation and warranty that: (i) such Venator Shareholder has full power and authority to deposit, sell, assign and transfer the Purchased Venator Shares being deposited and has not sold, assigned or transferred or agreed to sell, assign or transfer any of such Purchased Venator Shares; (ii) such Venator Shareholder owns the Purchased Venator Shares which are being deposited, within the meaning of applicable securities law; (iii) the deposit of such Venator Shares complies with applicable securities laws; and (iv) when such Purchased Venator Shares are taken up and paid for by the Offeror, the Offeror will acquire good title thereto, free and clear of all liens, restrictions, charges, encumbrances, claims and equities. The acceptance of the Offer pursuant to the procedures set forth above shall constitute an agreement between the depositing Venator Shareholder and the Offeror in accordance with the terms and conditions of the Offer.

The Offeror reserves the right to permit the Offer to be accepted in a manner other than that set forth in this Section 3.

4. CONDITIONS OF THE OFFER

Notwithstanding any other provision of the Offer, but subject to the provisions of the Pre-Offer Agreement, the Offeror reserves the right to withdraw or terminate the Offer and not take up or pay for, or to extend the period of time during which the Offer is open and postpone taking up and paying for, any Venator Shares deposited under the Offer, unless all of the following conditions are satisfied or waived by the Offeror:

- (a) at the Expiry Time, and at the time the Offeror first takes up and pays for Venator Shares under the Offer, there shall have been validly deposited under the Offer and not withdrawn at least 66²/₃% of the outstanding Venator Shares (calculated on a fully diluted basis) (the "Minimum Condition");
- (b) all requisite regulatory approvals, orders, rulings, exemptions and consents (including, without limitation, those of any stock exchanges and other securities regulatory authorities) shall have been obtained on terms and conditions satisfactory to the Offeror in its sole discretion, acting reasonably, and all applicable statutory or regulatory waiting periods shall have expired or been terminated and no objection or opposition shall have been filed, initiated or made by any governmental agency or regulatory authority during any applicable statutory or regulatory period which shall not have been withdrawn, defeated or overcome which has or will likely have a material adverse effect on the Offer;
- (c) the Offeror shall have determined in its sole judgement, acting reasonably, that: (i) no material right, property, franchise or license of Venator has been or may be impaired (which impairment has not been cured or waived) or otherwise adversely affected, whether as a result of the making of the Offer, the taking up and paying for Venator Shares deposited under the Offer or otherwise which might make it inadvisable for the Offeror to proceed with the Offer and/or with the taking up and paying for the Venator Shares under the Offer, and (ii) no covenant, term or condition of any instrument or agreement of Venator exists which might make it inadvisable for the Offeror to proceed with the Offer and/or with the taking up and paying for the Venator Shares under the Offer (including, without limitation, any default, acceleration or other adverse event that may ensue as a result of the Offeror taking up and paying for the Venator Shares under the Offer);

- (d) there shall not have occurred any actual or threatened change (including a proposal by the Minister of Finance of Canada to amend the Tax Act, or any announcement, governmental or regulatory initiative, condition, event or development involving a change or a prospective change) that, in the sole judgement of the Offeror, acting reasonably, directly or indirectly, has or may have a material adverse effect with respect to the current or anticipated business or operations of any of PWT or its subsidiaries or Venator, or entities in which any of them has a material interest, with respect to the regulatory regime applicable to their respective businesses and operations or with respect to completing a Compulsory Acquisition or any Subsequent Acquisition Transaction or with respect to any potential integration of Venator with the Offeror or with any reorganization of Venator or the Offeror in connection with any such potential integration;
- (e) (i) no act, action, suit, proceeding, objection or opposition shall have been threatened or taken before or by any domestic or foreign court or tribunal or governmental agency or other regulatory authority or administrative agency or commission by any elected or appointed public official or by any private person in Canada or elsewhere, whether or not having the force of law, and (ii) no law, regulation or policy (including applicable tax laws and regulations in those jurisdictions in which Venator carries on business) shall have been proposed, enacted, promulgated, amended or applied, which in either case, in the sole judgement of the Offeror, acting reasonably:
 - (A) has the effect or may have the effect of cease trading the Venator Shares, or enjoining, prohibiting or imposing material limitations, damages or conditions on the making of the Offer, or the purchase by, or the sale to, the Offeror of the Venator Shares or the right of the Offeror to own or exercise full rights of ownership of the Venator Shares;
 - (B) has had or, if the Offer was consummated, would result in, a Material Adverse Change or, in the case of (ii) above, would have a Material Adverse Effect on Venator or the Offeror; or
 - (C) has a material adverse effect on the completion of any Compulsory Acquisition or any Second Stage Transaction;
- (f) the Offeror shall have determined in its sole judgement, acting reasonably, that there does not exist any prohibition at law against the Offeror making the Offer or taking up and paying for all of the Venator Shares under the Offer or completing any Compulsory Acquisition or Second Stage Transaction in respect of any Venator Shares not acquired under the Offer;
- (g) the Offeror shall have determined in its sole judgement, acting reasonably, that Venator has not taken or proposed to take any action, or publicly disclosed that it intends to take any action, and the Offeror shall not have otherwise learned of any action taken by Venator which had not been publicly disclosed prior to the announcement of the Offer, that might make it inadvisable for the Offeror to proceed with the Offer or any Compulsory Acquisition or Second Stage Transaction and/or the taking up and paying for Venator Shares under the Offer, or that would be materially adverse to the business of Venator or the value of the Venator Shares to the Offeror including, without limiting the generality of the foregoing, (i) any action with respect to any agreement, proposal, offer or understanding relating to any material sale, disposition or other dealing with any of the assets of Venator, (ii) any issue of shares, options or other securities of Venator, (iii) any

material acquisition of assets or securities by Venator, or (iv) any material capital expenditure by Venator not in the ordinary course of business;

- (h) at or prior to the Expiry Time, all outstanding options to acquire Venator Shares and any other outstanding rights to acquire Venator Shares shall have been exercised, cancelled or otherwise terminated in a manner satisfactory to the Offeror;
- (i) (i) Venator shall not have breached, or failed to comply with, in any material respect, any of its covenants or other obligations under the Pre-Offer Agreement, and (ii) all representations and warranties of Venator contained in the Pre-Offer Agreement shall have been true and correct in all material respects as of the date of the Pre-Offer Agreement and shall not have ceased to be true and correct in any material respect thereafter; provided that Venator has been given notice of and three days to cure any such breach, failure to comply or misrepresentation;
- (j) the Pre-Offer Agreement shall not have been terminated and no material provision of the Pre-Offer Agreement shall have been held by a court, securities commission or other regulatory authority to be invalid or unenforceable in accordance with its terms;
- (k) the Working Capital deficit of Venator as of March 31, 2000 shall not exceed \$3.2 million; and
- (l) there shall have been no Material Adverse Change in respect of Venator since March 14, 2000, being the date of the Pre-Offer Agreement.

The foregoing conditions are for the exclusive benefit of PWT and the Offeror. The Offeror may assert any of the foregoing conditions at any time, regardless of the circumstances giving rise to such assertion (including the action or inaction of the Offeror); provided that, if either of the conditions set out in paragraphs (b) and (c) above have not been satisfied or waived at the initial Expiry Time, and each of the other conditions set forth above has been satisfied, the Offeror shall extend the Offer for such period or periods of time, not to exceed 40 days in the aggregate following the initial Expiry Time, as is necessary to satisfy or fulfil such conditions (but only if the Offeror has made a bona fide determination, acting reasonably, that there is a reasonable prospect that such conditions may be satisfied within such extended period). Subject to the Pre-Offer Agreement, the Offeror may waive any of the foregoing conditions in whole or in part, at any time and from time to time, both before and after the Expiry Time, without prejudice to any other rights that the Offeror may have. See "Extension, Variation or Change in the Offer" at Section 5 of this Offer. The failure by the Offeror at any time to exercise or assert any of the foregoing rights shall not be deemed a waiver of any such right and each such right shall be deemed to be an ongoing right that may be exercised or asserted at any time and from time to time. Any determination by the Offeror concerning the events described in this Section 4 shall be final and binding upon all parties.

Any waiver of a condition or the withdrawal of the Offer shall be effective upon written notice (or other communication confirmed in writing) being given by the Offeror to that effect to the Depositary at its principal office in Calgary. The Offeror, forthwith after giving any such notice, will make a public announcement of such waiver or withdrawal, cause the Depositary as soon as is practicable thereafter to notify the Venator Shareholders in the manner set forth under "Notice and Delivery" at Section 9 of the Offer, and provide a copy of the notice to the TSE and the CDNX. If the Offer is withdrawn, the Offeror shall not be obliged to take up, accept for payment or pay for any Venator Shares deposited under the Offer, and the Depositary will promptly return all certificates for deposited Venator Shares and Letters of Transmittal, Notices of Guaranteed Delivery and related documents in its possession to the parties by whom they were deposited.

5. EXTENSION, VARIATION OR CHANGE IN THE OFFER

The Offer is open for acceptance until the Expiry Time. The Offeror may, in its sole discretion, at any time and from time to time during the Offer Period, extend the Expiry Time or vary the terms and conditions of the Offer by giving written notice (or other communication confirmed in writing) of such extension or variation to the Depositary at its principal office in Calgary. Upon the giving of such notice or other communication, the Expiry Time shall be, and be deemed to be, extended. The Offeror, forthwith after giving any such notice, will make a public announcement of such extension or variation, cause the Depositary as soon as is practicable thereafter to notify all registered Venator Shareholders whose Venator Shares have not been taken up prior to the extension or variation in the manner set forth under "Notice and Delivery" at Section 9 of the Offer, and provide a copy of the notice to the TSE and the CDNX. Any notice of extension or variation will be deemed to have been given and to be effective on the day on which it is delivered or otherwise communicated to the Depositary at its principal office in Calgary.

Notwithstanding the foregoing, but subject to applicable law, the Offeror may not extend the Offer if all of the terms and conditions of the Offer (other than those waived by the Offeror) have been fulfilled or complied with, unless the Offeror first takes up and pays for all Venator Shares then deposited under the Offer and not withdrawn.

Where the terms of the Offer are varied, the Offer will not expire before ten days after the notice of the variation has been given to Venator Shareholders, unless otherwise permitted by applicable law and subject to abridgement or elimination of that period pursuant to such orders as may be granted by applicable Canadian courts and securities regulatory authorities.

If, before the Expiry Time, or after the Expiry Time but before the expiry of all rights of withdrawal with respect to the Offer, a change occurs in the information contained in the Offer or the Circular, as amended from time to time, that would reasonably be expected to affect the decision of a Venator Shareholder to accept or reject the Offer (other than a change that is not within the control of the Offeror or any affiliate of the Offeror, unless that change is a change in a material fact relating to the PrimeWest Units or the Exchangeable Shares), the Offeror will give written notice (or other communication confirmed in writing) of such change to the Depositary at its principal office in Calgary. The Offeror, forthwith after giving any such notice, will make a public announcement of such change in information, cause the Depositary as soon as is practicable thereafter to notify all registered Venator Shareholders whose Venator Shares have not been taken up prior to such change in information in the manner set forth under "Notice and Delivery" at Section 9 of the Offer, and provide a copy of the notice to the TSE and the CDNX. Any notice of change in information will be deemed to have been given and to be effective on the day on which it is delivered or otherwise communicated to the Depositary at its principal office in Calgary.

During any such extension, or in the event of any variation or change in information, all Venator Shares previously deposited and not taken up or withdrawn will remain subject to the Offer and may be accepted for purchase by the Offeror in accordance with the terms hereof, subject to the provisions set out under "Right to Withdraw Deposited Venator Shares" at Section 7 of the Offer. An extension of the Expiry Time, a variation of the Offer or a change in information contained in the Offer or the Circular does not constitute a waiver by the Offeror of its rights set out under "Conditions of the Offer" at Section 4 of the Offer. If the consideration being offered for the Venator Shares under the Offer is increased, the increased consideration will be paid to all depositing Venator Shareholders whose Venator Shares are taken up under the Offer without regard for when such Venator Shares are taken up by the Offeror.

6. PAYMENT FOR DEPOSITED VENATOR SHARES

Upon the terms and subject to the conditions of the Offer, the Offeror will take up Venator Shares duly and validly deposited pursuant to the Offer in accordance with the terms thereof on or as soon after the Expiry Time as the Offeror is permitted by law to take up such securities, assuming that the conditions of the Offer (as the same may be amended or waived) have been satisfied or waived. The Offeror will pay for Venator Shares taken up under the Offer in accordance with the terms of the Offer as soon as is practicable but in any event not later than on or before the date on which the Offeror is required by law to make such payment.

For the purposes of the Offer, the Offeror will be deemed to have taken up and accepted for payment Venator Shares validly deposited under the Offer and not withdrawn if, as and when the Offeror gives written notice (or other communication confirmed in writing) to the Depositary at its principal office in Calgary of its acceptance for payment of such Venator Shares pursuant to the Offer.

Subject to the applicable law, the Offeror reserves the right, in its sole discretion, to delay taking up or paying for any Venator Shares or to terminate the Offer and not take up or pay for any Venator Shares if any condition specified under "Conditions of the Offer" at Section 4 of the Offer is not satisfied or waived, in whole or in part, by the Offeror giving written notice of such waiver (or other communication confirmed in writing) to the Depositary at its principal office in Calgary. The Offeror also reserves the right, in its sole discretion and notwithstanding any other condition of the Offer, to delay taking up and paying for Venator Shares in order to comply, in whole or in part, with any applicable law, including, without limitation, such period of time as may be necessary to obtain any necessary regulatory approval. The Offeror will not, however, take up and pay for any Venator Shares deposited under the Offer unless it simultaneously takes up and pays for all Venator Shares then validly deposited under the Offer. Any Venator Shares deposited under the Offer after the first date on which Venator Shares have been taken up and paid for by the Offeror will be taken up and paid for not later than ten days after such deposit. The Offeror confirms that its reservation of the right to delay payment for Venator Shares which it has accepted for payment is limited by the securities laws of certain Canadian provinces which require that an Offeror pay the consideration offered, or return the tendered securities, promptly after termination or withdrawal of an offer. Subject to applicable law, the Offeror may, in its discretion, at any time before the Expiry Time, take up and pay for all such Venator Shares then deposited under the Offer, provided that the Offeror agrees to take up and pay for all additional Venator Shares validly deposited thereafter.

The Offeror will pay for Venator Shares validly deposited under the Offer and not withdrawn by delivering or causing to be delivered sufficient PrimeWest Units and Exchangeable Shares to or on behalf of the holders of deposited Venator Shares, on the basis set forth under "The Offer" at Section 1 of the Offer, and providing the Depositary with certificates representing such PrimeWest Units and Exchangeable Shares for delivery to such holders.

Fractions of PrimeWest Units and Exchangeable Shares will not be issued. Fractional interests will be rounded up to the nearest whole PrimeWest Unit or Exchangeable Share, as applicable.

Under no circumstances will interest accrue or be paid by the Offeror or the Depositary on the purchase price of the Venator Shares purchased by the Offeror, regardless of any delay in making such payment.

The Depositary will act as the agent of persons who have deposited Venator Shares in acceptance of the Offer for the purposes of receiving payment from the Offeror and transmitting payment to such persons, and receipt of payment by the Depositary will be deemed to constitute receipt of payment

by Venator Shareholders who have deposited and not withdrawn their Venator Shares pursuant to the Offer.

Settlement with each Venator Shareholder who has validly deposited and not withdrawn Venator Shares under the Offer will be effected by the Depository by forwarding the certificate or certificates representing the PrimeWest Units and/or Exchangeable Shares to which that holder is entitled, provided that such holder is a resident of a province of Canada or another jurisdiction in which the PrimeWest Units and/or Exchangeable Shares may be lawfully delivered without further action by the Offeror. Subject to the foregoing and unless otherwise directed by the Letter of Transmittal, the certificate or certificates representing the PrimeWest Units and/or Exchangeable Shares will be issued in the name of the registered holder of Venator Shares so deposited. Unless the person depositing the Venator Shares instructs the Depository to hold such certificate or certificates for pick-up by checking the appropriate box in the Letter of Transmittal, such certificate or certificates will be forwarded by first class insured mail to such person at the address specified in the Letter of Transmittal. If no address is specified therein, such certificate or certificates will be forwarded to the address of the holder as shown on the register maintained by Venator or its transfer agent.

Depositing Venator Shareholders will not be obligated to pay brokerage fees, commissions or transfer taxes, if any, if they accept the Offer by depositing their Venator Shares directly with the Depository or if they use the services of the Dealer Manager or a member of the Soliciting Dealer Group to accept the Offer. See "Depository" and "Dealer Manager and Soliciting Dealer Group" under "Other Matters Relating to the Offer" at Section 17 of the Circular.

Any Venator Shares not purchased by the Offeror will be returned at the Offeror's expense promptly after the expiry of the time for purchase by returning the documents deposited by the relevant Venator Shareholder including, if applicable, any certificates representing the Venator Shares, by first class insured mail in the name of and to the address specified by the Venator Shareholder in the Letter of Transmittal or, if such name or address is not so specified, in such name and to such address as shown on the registers of Venator or its transfer agent. Alternatively, if the Offeror determines that the delivery thereof by first class insured mail will be delayed, then the procedure for delivery described under "Mail Service Interruption" at Section 10 of the Offer will apply.

7. RIGHT TO WITHDRAW DEPOSITED VENATOR SHARES

Except as otherwise provided in this Section 7, all deposits of Venator Shares pursuant to the Offer are irrevocable. Any Venator Shares deposited in acceptance of the Offer may be withdrawn by or on behalf of the depositing Venator Shareholder, unless otherwise required or permitted by applicable law, at any time before midnight (local time at the place of deposit) on April 17, 2000, and at any time after May 11, 2000, provided, in the latter case, that the Offeror has not taken up and paid for the Venator Shares prior to the receipt by the Depository of the notice of withdrawal in respect of such Venator Shares.

In addition, unless otherwise required or permitted by applicable law, if:

- (a) there is a variation in the terms of the Offer before the Expiry Time (including any extension of the period during which Venator Shares may be deposited under the Offer or the modification or waiver of a term or condition of the Offer, but excluding, unless otherwise required by applicable law, a variation which consists solely of an increase in the consideration offered under the Offer where the Expiry Time is not at the same time extended for more than ten days after the notice of variation has been delivered); or

- (b) at or before the Expiry Time, or after the Expiry Time but before the expiry of all rights of withdrawal in respect of the Offer, a change occurs in the information contained in the Offer or in the Circular, as amended from time to time, that would reasonably be expected to affect the decision of a Venator Shareholder to accept or reject the Offer (other than a change that is not within the control of the Offeror or any affiliate of the Offeror, unless that change is a change in a material fact relating to the PrimeWest Units or the Exchangeable Shares);

any Venator Shares deposited under the Offer but not yet taken up by the Offeror at such time may be withdrawn by or on behalf of the depositing Venator Shareholder at the place of deposit at any time before the expiration of ten days from the date of mailing or other communication of the notice of that variation or change, subject to abridgement of that period pursuant to such order or orders as may be granted by applicable Canadian courts or securities regulatory authorities.

Withdrawal of deposited Venator Shares may only be effected by notice of withdrawal, which must:

- (a) be made by or on behalf of the Venator Shareholder by whom or on whose behalf such Venator Shares were deposited or a Notice of Guaranteed Delivery was delivered;
- (b) be made by a method, including facsimile transmission, that provides the Depository with a written or printed copy of the notice of withdrawal;
- (c) be signed by or on behalf of the person who signed the Letter of Transmittal accompanying the Venator Shares to be withdrawn, or by or on behalf of the person who signed the Notice of Guaranteed Delivery;
- (d) specify that person's name, the number of Venator Shares to be withdrawn, the name of the registered Venator Shareholder of the Venator Shares to be withdrawn and, if applicable, the certificate number shown on each certificate representing the Venator Shares to be withdrawn; and
- (e) be actually received by the Depository within the time limits indicated above at the office at which such Venator Shares were deposited or Notice of Guaranteed Delivery was delivered.

Any signature on the withdrawal notice must be guaranteed by an Eligible Institution as described in the instructions and rules set forth in the Letter of Transmittal, except in the case of Venator Shares deposited for the account of an Eligible Institution. A withdrawal will take effect only upon receipt by the Depository of a validly executed, written notice of withdrawal.

If the Offeror extends the Offer or, as a result of the non-satisfaction of a condition that has not been waived, the Offeror is delayed in taking up or paying for Venator Shares or is unable for any reason to take up and pay for such Venator Shares, then, without prejudice to the Offeror's other rights, Venator Shares deposited under the Offer may be retained by the Depository on behalf of the Offeror and such Venator Shares may not be withdrawn except to the extent that depositing Venator Shareholders are entitled to withdrawal rights as set forth in this Section 7 or pursuant to applicable law.

All questions as to the validity (including timely receipt) and form of notices of withdrawal will be resolved by the Offeror in its sole discretion, and such determination shall be final and binding. There will be no duty or obligation on the Offeror, the Dealer Manager or the Depository to give any notice of any defects or irregularities in any notice of withdrawal and no liability will be incurred by any of them for failure to give any such notice.

Any Venator Shares withdrawn will be deemed to be not validly deposited for the purposes of the Offer, but may be redeposited subsequently at or prior to the Expiry Time by following the procedures described under "Manner of Acceptance" at Section 3 of the Offer.

In addition to the foregoing rights of withdrawal, Venator Shareholders in certain provinces of Canada are entitled to statutory rights of rescission in certain circumstances. See "Offerees' Statutory Rights" at Section 19 of the Circular.

8. REORGANIZATION AND DISTRIBUTIONS

If, on or after March 14, 2000 (the date of the Pre-Offer Agreement), Venator should divide, combine or otherwise change any of the Venator Shares or its capitalization, or disclose that it has taken or intends to take any such action, the Offeror, in its sole discretion, and without prejudice to its rights under "Conditions of the Offer" at Section 4 of the Offer, may make such adjustments as it considers appropriate to the purchase price and the other terms of the Offer (including, without limitation, the type of securities offered to be purchased and the amounts and types of consideration payable therefor) to reflect that division, combination or other change.

Venator Shares acquired pursuant to the Offer shall be transferred by the Venator Shareholder and acquired by the Offeror free and clear of all liens, charges, encumbrances, claims and equities and together with all rights and benefits arising therefrom, including the right to any and all distributions, payments, securities, rights, warrants, assets or other interests which may be declared, paid, issued, accrued, distributed, made or transferred on or after March 14, 2000 on or in respect of the Venator Shares.

If Venator should declare or pay any dividend or declare, make or pay any other amount in respect of, or declare, allot, reserve or issue any securities, rights or other interests with respect to, any Venator Share that is payable or distributable to Venator Shareholders of record on a record date that is prior to the date of transfer into the name of the Offeror or its nominee or transferee on the register of Venator Shareholders maintained by Venator or its agent of such Venator Shares following acceptance thereof for purchase pursuant to the Offer, then the whole of any such dividend, payment, right or other interest will be received and held by the depositing Venator Shareholder for the account of the Offeror until the Offeror pays for such Venator Share, and the depositing Venator Shareholder will be required to promptly remit and transfer to the Depositary for the account of the Offeror any such dividend, payment, right or other interest, together with appropriate documentation of transfer. Pending such remittance, the Offeror will be entitled to all rights and privileges as the owner of any such dividend, payment, right or other interest and may withhold the entire purchase price payable by the Offeror pursuant to the Offer or deduct from the consideration payable by the Offeror pursuant to the Offer the amount or value thereof, as determined by the Offeror in its sole discretion.

9. NOTICE AND DELIVERY

Any notice that the Offeror or the Depositary may give or cause to be given under the Offer shall be deemed to have been properly given if it is mailed by first class mail, postage prepaid, to the registered Venator Shareholders at their respective addresses appearing in the securities registers maintained by Venator or its agent and, unless otherwise specified by applicable law, will be deemed to have been received on the first business day following mailing. These provisions apply notwithstanding any accidental omission to give notice to any one or more Venator Shareholders and notwithstanding any interruption of mail services in Canada or the United States following mailing.

If mail service is interrupted following mailing, the Offeror intends to make reasonable efforts to disseminate the notice by other means, such as publication. Subject to applicable law, if post offices in Canada or elsewhere are not open for the deposit of mail or there is reason to believe that there is or could be a disruption in all or part of the postal service, any notice which the Offeror or the Depositary may give or cause to be given under the Offer, except as otherwise provided herein, will be deemed to have been properly given and to have been received by Venator Shareholders if (a) it is given to the TSE and the CDNX for dissemination through its facilities; and (b) it is published once in the National Post or the national edition of The Globe and Mail, provided that if neither the National Post nor the national edition of The Globe and Mail are being generally circulated, publication shall be made in any daily newspaper or newspapers of general circulation published in the cities of Toronto and Calgary.

The Offer will be mailed to registered Venator Shareholders and the directors of Venator or made in such other manner as is permitted by applicable regulatory authorities:

Wherever the Offer calls for documents to be delivered to the Depositary, those documents will not be considered delivered unless and until they have been physically received at one of the addresses listed for the Depositary in the Letter of Transmittal or Notice of Guaranteed Delivery, as applicable. Wherever the Offer calls for documents to be delivered to a particular office of the Depositary, those documents will not be considered delivered unless and until they have been physically received at that particular office at the address listed in the Letter of Transmittal or Notice of Guaranteed Delivery, as applicable.

10. MAIL SERVICE INTERRUPTION

Notwithstanding the provisions of the Offer, the Circular, the Letter of Transmittal or the Notice of Guaranteed Delivery, certificates representing PrimeWest Units and Exchangeable Shares paid for Venator Shares pursuant to the Offer, certificates representing Venator Shares to be returned and any other relevant documents will not be mailed if the Offeror determines that delivery thereof by mail may be delayed. Persons entitled to such certificates and any other relevant documents that are not mailed for the foregoing reason may take delivery thereof at the office of the Depositary, upon application, at which the Venator Shares were deposited until such time as the Offeror has determined that delivery by mail will no longer be delayed. Notwithstanding the provisions set out under "Payment for Deposited Venator Shares" at Section 6 of the Offer, certificates and any other relevant documents not mailed for the foregoing reason will be conclusively deemed to have been delivered on the first day upon which they are available for delivery to the depositing Venator Shareholder at the appropriate office of the Depositary. Notice of any determination regarding mail service delay or interruption made by the Offeror will be given in accordance with the provisions set out under "Notice and Delivery" at Section 9 of the Offer.

11. MARKET PURCHASES

The Offeror has no current intention of acquiring beneficial ownership of Venator Shares while the Offer is outstanding, other than pursuant to the Offer. However, the Offeror reserves the right to, and may, acquire Venator Shares by making purchases through the facilities of the CDNX, subject to applicable law, at any time and from time to time before the Expiry Time. In no event will the Offeror make any such purchases of Venator Shares after the date hereof through the facilities of the CDNX until the third clear trading day following the date of the Offer. The aggregate number of Venator Shares acquired by the Offeror through the facilities of the CDNX during the Offer Period will not exceed 5% of the number of Venator Shares outstanding on the date of the Offer. Any Venator Shares so purchased

shall be counted in determining whether the condition as to the number of Venator Shares deposited to the Offer has been fulfilled.

Although the Offeror has no present intention to sell Venator Shares taken up under the Offer, it reserves the right to make or to enter into an arrangement, commitment or understanding at or prior to the Expiry Time to sell any of such Venator Shares after the Expiry Date.

12. OTHER TERMS OF THE OFFER

No stockbroker, investment dealer or other person has been authorized to give any information or make any representation on behalf of the Offeror or its affiliates other than as contained herein or in the accompanying Circular, and if any such information is given or made, then it must not be relied upon as having been authorized. No stockbroker, investment dealer or other person shall be deemed to be the agent of the Offeror, the Dealer Manager or the Depositary for purposes of the Offer. In any jurisdiction in which the Offer is required to be made by a licensed broker or dealer, the Offer shall be made on behalf of the Offeror by brokers or dealers licensed under the laws of such jurisdiction.

The Offer and the accompanying Circular constitute the take-over bid circular required under Canadian provincial securities legislation with respect to the Offer.

The Offer and all contracts resulting from the acceptance hereof shall be governed by, and construed in accordance with, the laws of Alberta and the laws of Canada applicable therein. Each party to an agreement resulting from the acceptance of the Offer unconditionally and irrevocably attorns to the non-exclusive jurisdiction of the courts of Alberta and the courts of appeal therefrom.

The provisions of the Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery accompanying the Offer, including the instructions contained therein, as applicable, form part of the terms and conditions of the Offer. The Offeror, in its sole discretion, will be entitled to make a final and binding determination of all questions relating to the interpretation of the Offer, the Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery, the validity of any acceptance of the Offer, and the validity of any withdrawals of Venator Shares, including, without limitation, the satisfaction or non-satisfaction of any condition, the validity, time and effect of any deposit of Venator Shares or notice of withdrawal of Venator Shares, and the due completion and execution of the Letters of Transmittal and Notices of Guaranteed Delivery. The Offeror reserves the right to waive any defect in acceptance with respect to any particular Venator Share or any particular Venator Shareholder. There shall be no obligation on the Offeror, the Dealer Manager or the Depositary to give notice of any defects or irregularities in acceptance and no liability shall be incurred by any of them for failure to give any such notification.

This Offer is not being made to, nor will deposits of Venator Shares be accepted from or on behalf of, Venator Shareholders in any jurisdiction in which the making or acceptance hereof would not be in compliance with the laws of such jurisdiction. However, the Offeror, in its sole discretion, may take such action as it may deem necessary to extend the Offer to Venator Shareholders in any such jurisdiction.

Dated March 27, 2000

PRIMEWEST RESOURCES LTD.

By: (Signed) KENT J. MACINTYRE
Chief Executive Officer

CIRCULAR

This Circular is furnished in connection with the accompanying Offer dated March 27, 2000 by the Offeror to purchase all the issued and outstanding Venator Shares, including Venator Shares which may become outstanding on the exercise of currently outstanding options to purchase Venator Shares previously granted pursuant to the Venator Stock Option Plan. Venator Shareholders should refer to the Offer for details of its terms and conditions, including details as to payment and withdrawal rights.

The information concerning Venator contained in this Circular has been taken from or is based upon publicly available documents and records of Venator on file with Canadian securities regulatory authorities and other public sources. Although the Offeror has no knowledge that would indicate that any of the statements contained herein and taken from or based on such information are untrue or incomplete, it does not assume any responsibility for the accuracy or completeness of such information, or for any failure by Venator to publicly disclose events or facts that may have occurred or that may affect the significance or accuracy of any such information and that are unknown to the Offeror.

1. PWT

PWT is an open-end investment trust created under the laws of Alberta pursuant to the PrimeWest Declaration of Trust. The beneficiaries of PWT are the holders of PrimeWest Units.

Schedule A to this Circular sets forth additional information concerning PWT, including a description of the business of PWT and PWE, recent developments, the PrimeWest Declaration of Trust, the price range and trading volume of PrimeWest Units for the period indicated, PWT's record of cash distributions and certain Canadian federal income tax considerations regarding PrimeWest Units.

Schedule B to this Circular sets forth certain unaudited pro forma consolidated financial statements for PWT, as at and for the year ended December 31, 1999, after giving effect to the acquisition of all the Venator Shares pursuant to the Offer.

2. THE OFFEROR

Overview

The Offeror is a wholly-owned subsidiary of PWE and was incorporated under the ABCA on October 22, 1996 as 713916 Alberta Ltd. The Offeror subsequently changed its name to PrimeWest Resources Ltd. on February 27, 1997. The head, principal and registered office of the Offeror is located at 1600, 530 – 8th Avenue S.W., Calgary, Alberta T2P 3S8.

The Offeror had no significant operations prior to the indirect acquisition in November 1999 of certain natural gas properties in the Dinosaur/Patricia area of southeastern Alberta for approximately \$13.5 million. Those properties are primarily all proved producing, low operating cost properties consisting of approximately 3 mmcf/d of gas production, net to the Offeror's working interest.

The authorized capital of the Offeror consists of an unlimited number of common shares. Before the Offeror takes up and pays for any Venator Shares deposited under the Offer, it will amend its articles to create an unlimited number of Exchangeable Shares. As at the date hereof, all of the outstanding common shares of the Offeror are owned by PWE and there are no other shares of the Offeror outstanding.

Immediately following the completion of the Offer, the Offeror will own all of the Venator Shares that are validly tendered under the Offer and not withdrawn prior to the Expiry Time, and the former holders of Venator Shares that are acquired by the Offeror pursuant to the Offer who elect, or are deemed to elect, to receive Exchangeable Shares will own all of the Exchangeable Shares. If all of the Venator Shares (including all of the Venator Shares that are issuable pursuant to currently outstanding options to purchase Venator Shares) are acquired by the Offeror pursuant to the Offer, and all of the Venator Shareholders elect, or are deemed to have elected, to receive Exchangeable Shares, then the Offeror will issue approximately 4,398,100 Exchangeable Shares. The Exchangeable Shares will be exchangeable at any time for PrimeWest Units at the exchange ratio set forth below under "Attributes of the Exchangeable Shares".

The Offeror is not currently a reporting issuer in any jurisdiction and is not subject to the informational reporting requirements under the securities laws of any jurisdiction. The Offeror will become subject to those reporting requirements in certain Canadian jurisdictions as a result of filing the attached Offer and Circular in those jurisdictions and in certain other Canadian jurisdictions as a result of the Exchangeable Shares being listed on the TSE or any other recognized exchange (should such listing ever occur). The Offeror intends to apply for and expects to receive exemptions from those reporting requirements. Instead of complying with those reporting requirements (which would include filing separate financial statements for the Offeror), the Offeror will provide holders of Exchangeable Shares with the documents filed by PWT pursuant to the informational reporting requirements to which PWT is subject under applicable Canadian securities laws.

Attributes of the Exchangeable Shares

The following is a summary description of the material provisions of the Exchangeable Shares and is qualified in its entirety by reference to the full text of (i) the Articles of Amendment of the Offeror setting forth the Exchangeable Share Provisions, (ii) the Support Agreement, and (iii) the Exchange Trust Agreement. Copies of the Exchangeable Share Provisions, the Support Agreement and the Exchange Trust Agreement may be obtained upon request without charge from the Corporate Secretary of PWE at 1600, 530 – 8th Avenue S.W., Calgary, Alberta T2P 3S8 (telephone: (403) 234-6600).

Exchangeable Share Provisions

Ranking. The Exchangeable Shares will rank prior to the common shares of the Offeror and any other shares ranking junior to the Exchangeable Shares with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Offeror; provided that notwithstanding such ranking the Offeror shall not be restricted in any way from declaring and paying a quarterly dividend on its common shares in an amount equal to 1% of the Offeror's net production revenue during the immediate preceding fiscal quarter as required under the Unanimous Shareholder Agreement of the Offeror.

Dividends. Holders of Exchangeable Shares will be entitled to receive dividends in an amount per Exchangeable Share equal to that portion of the Distribution paid during any month on that number of PrimeWest Units for which one Exchangeable Share is exchangeable at the beginning of that month which PWT declares to be income. The declaration date, record date and payment date for dividends on the Exchangeable Shares will be the same as that for Distributions in respect of which such dividends are being paid.

Certain Restrictions. The Offeror will not, without obtaining the approval of the holders of the Exchangeable Shares as set forth below under the sub-heading "Amendment and Approval":

- (a) pay any dividend on the common shares of the Offeror or any other shares ranking junior to the Exchangeable Shares, other than the quarterly dividend paid on its common shares in an amount equal to 1% of the net production revenue of the Offeror during the immediately preceding fiscal quarter or stock dividends payable in common shares of the Offeror or any such other shares ranking junior to the Exchangeable Shares, as the case may be;
- (b) redeem, purchase or make any capital distribution in respect of the common shares of the Offeror or any other shares ranking junior to the Exchangeable Shares;
- (c) redeem or purchase any other shares of the Offeror ranking equally with respect to the payment of dividends or on any liquidation distribution; or
- (d) issue any shares other than Exchangeable Shares, common shares of the Offeror and any other shares ranking superior to the Exchangeable Shares.

Notwithstanding the foregoing, the restrictions in paragraphs (a), (b) and (c) above will not apply at any time when the dividends on the outstanding Exchangeable Shares have been declared and paid in full.

Liquidation of the Offeror. In the event of the liquidation, dissolution or winding-up of the Offeror or any other proposed distribution of the assets of the Offeror among its shareholders for the purpose of winding up its affairs, a holder of Exchangeable Shares will be entitled to receive for each Exchangeable Share on the effective date of such liquidation, dissolution, winding-up or other distribution (the "Liquidation Date") an amount to be satisfied by the issuance of that number of PrimeWest Units equal to the Exchange Ratio as at that Liquidation Date, plus an additional amount equal to the full amount of all declared and unpaid dividends, if any, on the Exchangeable Shares (the "Liquidation Amount"). Fractional PrimeWest Units will not be issued. Any amount payable on account of the Liquidation Amount that includes a fractional PrimeWest Unit will be rounded down to the nearest whole number of PrimeWest Units.

On or after the Liquidation Date, a holder of Exchangeable Shares may surrender certificates representing such Exchangeable Shares, together with such other documents as may be required, to the Offeror's registered office or the office of the Exchangeable Shares Transfer Agent. Upon receipt of the certificates and other documents and subject to the exercise by PWT or PWE of the Liquidation Call Right, the Offeror will deliver the Liquidation Amount to such holder at the address recorded in the Offeror's security register or will hold the Liquidation Amount for pick-up by the holder at the Offeror's registered office or the office of the Exchangeable Shares Transfer Agent, as specified by the Offeror in a notice to such holders.

Upon the occurrence of a liquidation, dissolution or winding-up of the Offeror, PWT and PWE will have the right to purchase all but not less than all of the Exchangeable Shares then outstanding (other than Exchangeable Shares held by PWT or PWE) at a purchase price per Exchangeable Share equal to the Liquidation Amount and, upon the exercise of the Liquidation Call Right, the holders thereof will be obligated to sell such Exchangeable Shares to PWT or PWE, as applicable. The purchase by PWT or PWE of all of the outstanding Exchangeable Shares upon the exercise of the Liquidation Call Right will occur on the Liquidation Date.

The Liquidation Call Right may be exercised, at the election of PWT, by either PWT or PWE.

Upon the occurrence of an Offeror Insolvency Event, the Trustee on behalf of the holders of the Exchangeable Shares will have the right to require PWT or PWE to purchase any or all of the

Exchangeable Shares then outstanding and held by such holders for the Liquidation Amount as described under the sub-heading "Exchange Trust Agreement – Optional Exchange Right".

Automatic Exchange Right on Liquidation of PWT. In the event of a PrimeWest Liquidation Event, PWT or PWE will be required to purchase each outstanding Exchangeable Share (other than Exchangeable Shares held by PWT or PWE) and holders of Exchangeable Shares will be required to sell the Exchangeable Shares held by them at that time, by exchanging, for each Exchangeable Share held by such holder, that number of PrimeWest Units equal to the Exchange Ratio as at the date of such exchange, plus an additional amount equal to the full amount of all declared and unpaid dividends, if any, on the Exchangeable Shares. Fractional PrimeWest Units will not be issued. Any amount payable in respect of an Exchangeable Share in the event of a PrimeWest Liquidation Event that includes a fractional PrimeWest Unit will be rounded down to the nearest whole number of PrimeWest Units.

Upon a holder's request and surrender of Exchangeable Share certificates, duly endorsed in blank and accompanied by such instrument of transfer as PWE may reasonably require, PWT will deliver to such holder certificates representing the number of PrimeWest Units to which that holder is entitled to receive as at that date.

Retraction of Exchangeable Shares by Holders. Subject to the Retraction Call Right of PWT and PWE described below, a holder of Exchangeable Shares will be entitled at any time to require the Offeror to redeem any or all of the Exchangeable Shares held by such holder for a retraction price per Exchangeable Share to be satisfied by the issuance of that number of PrimeWest Units equal to the Exchange Ratio as at the Retraction Date, plus an additional amount equal to the full amount of all declared and unpaid dividends, if any, on the Exchangeable Shares (the "Retraction Price"). Fractional PrimeWest Units will not be issued. Any amount payable on account of the Retraction Price that includes a fractional PrimeWest Unit will be rounded down to the nearest whole number of PrimeWest Units.

Holders of the Exchangeable Shares may request redemption by presenting to the Offeror or the Exchangeable Shares Transfer Agent a certificate or certificates representing the number of Exchangeable Shares the holder desires to have redeemed, together with a duly executed Retraction Request and such other documents as may be required to effect the redemption of the Exchangeable Shares. The redemption will become effective five business days after the date on which the Offeror or the Exchangeable Shares Transfer Agent receives the Retraction Request from the holder.

When a holder requests the Offeror to redeem the Exchangeable Shares, PWT and PWE will have an overriding right (the "Retraction Call Right") to purchase on the Retraction Date all but not less than all of the Exchangeable Shares that the holder has requested the Offeror to redeem at a purchase price per Exchangeable Share equal to the Retraction Price.

At the time of a Retraction Request by a holder of Exchangeable Shares, the Offeror will immediately notify PWT and PWE. PWT or PWE must then advise the Offeror within two business days as to whether the Retraction Call Right will be exercised. If either PWT or PWE so advises the Offeror within such two business day period, the Offeror will notify the holder of Exchangeable Shares as soon as possible thereafter that the Retraction Call Right will be exercised. A holder may revoke his or her Retraction Request at any time prior to the close of business on the last business day immediately preceding the Retraction Date, in which case the holder's Exchangeable Shares will neither be purchased by PWT or PWE nor be redeemed by the Offeror. If the holder does not revoke his or her Retraction Request, the Exchangeable Shares that the holder has requested the Offeror to redeem will on the Retraction Date be purchased by PWT or PWE or redeemed by the Offeror, as the case may be, in each case at a purchase price per Exchangeable Share equal to the Retraction Price.

The Retraction Call Right may be exercised, at the election of PWT, by either PWT or PWE.

If, as a result of solvency provisions of applicable law, the Offeror is not permitted to redeem all Exchangeable Shares tendered by a retracting holder, the Offeror will redeem only those Exchangeable Shares tendered by the holder as would not be contrary to such provisions of applicable law. The holder of any Exchangeable Shares not redeemed by the Offeror will be deemed to have required PWT to purchase such unretracted Exchangeable Shares in exchange for PrimeWest Units on the Retraction Date pursuant to the optional Exchange Right.

Redemption of Exchangeable Shares. Subject to applicable law and the Redemption Call Right of PWT and PWE, the Offeror:

- (a) will, on the date that is the fifth anniversary of the date that the Offeror first takes up and pays for Venator Shares deposited under the Offer (the "Automatic Redemption Date"), redeem all but not less than all of the then outstanding Exchangeable Shares for a redemption price per Exchangeable Share to be satisfied by the issuance of that number of PrimeWest Units equal to the Exchange Ratio as at that Redemption Date (as that term is defined below), plus an additional amount equal to the full amount of all declared and unpaid dividends, if any, on the Exchangeable Shares (the "Redemption Price");
- (b) may, at any time following the date in a calendar year in which PWT estimates that the aggregate dividends (other than "excluded dividends" within the meaning of the Tax Act) to be declared on the Exchangeable Shares in that calendar year will exceed \$500,000 (the "Pro Rata Redemption Date"), redeem that portion of the then outstanding Exchangeable Shares which PWT determines is necessary in order to ensure that the amount of dividends (other than "excluded dividends" within the meaning of the Tax Act) which PWT estimates will be payable on the Exchangeable Shares in that calendar year will be less than \$500,000 (such number of Exchangeable Shares, the "Discretionary Number"), for the Redemption Price per Exchangeable Share (a "Pro Rata Redemption"); and
- (c) may, at any time when the aggregate number of issued and outstanding Exchangeable Shares and other shares of the Offeror or any affiliate of the Offeror or PWT having terms that are not materially commercially different from those of the Exchangeable Shares (other than Exchangeable Shares and any such other shares held by PWT or PWE) is less than 200,000 (the "De Minimus Redemption Date" and, collectively with an Automatic Redemption Date and a Pro Rata Redemption Date, a "Redemption Date"), redeem all but not less than all of the then outstanding Exchangeable Shares for the Redemption Price per Exchangeable Share.

Fractional PrimeWest Units will not be issued. Any amount payable on account of the Redemption Price that includes a fractional PrimeWest Unit will be rounded down to the nearest whole number of PrimeWest Units.

The Offeror will, at least 90 days prior to any Redemption Date, provide the registered holders of the Exchangeable Shares with written notice of the prospective redemption of the Exchangeable Shares by the Offeror, including the number of Exchangeable Shares the Offeror intends to redeem. On or after the date that such notice is provided, upon the holder's presentation and surrender of the certificates representing the Exchangeable Shares and such other documents as may be required at the registered office of the Offeror or the office of the Exchangeable Shares Transfer Agent, the Offeror will deliver the Redemption Price, together, in the case of a Pro Rata Redemption, with the balance of the Exchangeable

Shares not redeemed, to the holder at the address of the holder recorded in the Offeror's security register or by holding the Redemption Price, together, in the case of a Pro Rata Redemption, with the balance of the Exchangeable Shares not redeemed, for pick-up by the holder at the registered office of the Offeror or the office of the Exchangeable Shares Transfer Agent as specified in the written notice. **The accidental failure or omission to give any notice of redemption to less than 10% of the holders of Exchangeable Shares (other than PWT and PWE) will not affect the validity of any redemption of Exchangeable Shares pursuant to such notice.**

PWT and PWE will be granted a right (the "Redemption Call Right"), notwithstanding a proposed redemption of the Exchangeable Shares by the Offeror on the applicable Redemption Date, pursuant to the Exchangeable Share Provisions, to:

- (a) purchase on any Automatic Redemption Date or De Minimus Redemption Date all but not less than all of the Exchangeable Shares then outstanding (other than Exchangeable Shares held by PWT or PWE) in exchange for the Redemption Price; and
- (b) purchase on any Discretionary Redemption Date a pro rata share (the "Pro Rata Share") of all of the Exchangeable Shares then outstanding (other than Exchangeable Shares held by PWT or PWE) equal in the aggregate to the Discretionary Number of Exchangeable Shares in exchange for the Redemption Price;

and, upon the exercise of the Redemption Call Right, the holders of all of the then outstanding Exchangeable Shares will be obliged to sell, in the case of (a) above, all such shares and, in the case of (b) above, the Pro Rata Share of all such shares to PWT or PWE, as applicable. If either PWT or PWE exercises the Redemption Call Right, the Offeror's right to redeem the Exchangeable Shares on the applicable Redemption Date will terminate. The Redemption Call Right may be exercised, at the election of PWT, by either PWT or PWE.

Voting Rights. Except as required by applicable law, the holders of the Exchangeable Shares are not entitled as such to receive notice of or attend any meeting of the shareholders of the Offeror or to vote at any such meeting.

Anti-Dilution. The number of PrimeWest Units for which the Exchangeable Shares are exchangeable will, in addition to being adjusted from time to time to conform to the Exchange Ratio, be subject to adjustment in the event of:

- (a) the subdivision, consolidation or reclassification of the PrimeWest Units or the declaration by PWT of a distribution payable in PrimeWest Units (other than in the ordinary course);
- (b) the issue of rights, options or warrants to all or substantially all of the PrimeWest Unitholders entitling them to subscribe for PrimeWest Units or securities convertible or exchangeable into PrimeWest Units at a price per PrimeWest Unit of less than eighty-five percent of the then market price of such PrimeWest Units; or
- (c) the issue, payment or distribution to all or substantially all of the PrimeWest Unitholders of any assets (including evidence of indebtedness) or cash or other rights if such issuance, payment or distribution does not constitute a distribution paid in the ordinary course or an event described in (a) or (b) above.

Amendment and Approval. The rights, privileges, restrictions and conditions attaching to the Exchangeable Shares may be changed only with the approval of the holders thereof. Any such approval or any other approval or consent to be given by the holders of the Exchangeable Shares will be sufficiently given if given in accordance with applicable law and subject to a minimum requirement that such approval

or consent be evidenced by a resolution passed by not less than two-thirds of the votes cast thereon (other than shares beneficially owned by PWT, PWE or any of their respective subsidiaries and other affiliates) at a meeting of the holders of the Exchangeable Shares duly called and held at which holders of at least 20% of the then outstanding Exchangeable Shares are present in person or represented by proxy. In the event that no such quorum is present at such meeting within one-half hour after the time appointed therefor, then the meeting will be adjourned to such place and time (not less than 10 days later) as may be determined at the original meeting and the holders of Exchangeable Shares present in person or represented by proxy at the adjourned meeting will constitute a quorum thereat and may transact the business for which the meeting was originally called. At the adjourned meeting, a resolution passed by the affirmative vote of not less than two-thirds of the votes cast thereon will constitute the approval or consent of the holders of the Exchangeable Shares.

Actions by PWT under the Support Agreement and the Exchange Trust Agreement. Under the Exchangeable Share Provisions, the Offeror will agree to take all such actions and do all such things as are necessary or advisable to perform and comply with its obligations under, and to facilitate the performance and compliance by PWT with its obligations under, the Support Agreement and the Exchange Trust Agreement.

Exchange Trust Agreement

Optional Exchange Right. Upon the occurrence and during the continuance of:

- (a) an Offeror Insolvency Event; or
- (b) circumstances in which PWT and PWE may exercise a Call Right, but elect not to exercise such Call Right;

a holder of Exchangeable Shares will be entitled to instruct the Trustee to exercise the optional Exchange Right with respect to any or all of the Exchangeable Shares held by such holder, thereby requiring PWT or PWE to purchase such Exchangeable Shares from the holder. Immediately upon the occurrence of (i) an Offeror Insolvency Event, (ii) any event which will, with the passage of time or the giving of notice, become an Offeror Insolvency Event, or (iii) the election by PWT and PWE not to exercise a Call Right which is then exercisable by PWT and PWE, the Offeror and PWT will give notice thereof to the Trustee. As soon as practicable thereafter, the Trustee will then notify each holder of Exchangeable Shares of such event or potential event and will advise the holder of its rights with respect to the optional Exchange Right.

The purchase price payable by PWT or PWE for each Exchangeable Share to be purchased under the optional Exchange Right will be satisfied by the issuance of that number of PrimeWest Units equal to the Exchange Ratio as at the date on which the optional Exchange Right is exercised, plus an additional amount equal to the full amount of all declared and unpaid dividends, if any, on the Exchangeable Shares (the "Exchange Price"). Fractional PrimeWest Units will not be issued. Any amount payable on account of the Exchange Price that includes a fractional PrimeWest Unit will be rounded down to the nearest whole number of PrimeWest Units.

If, as a result of solvency provisions of applicable law, the Offeror is unable to redeem all of a holder's Exchangeable Shares which such holder is entitled to have redeemed in accordance with the Exchangeable Share Provisions, the holder will be deemed to have exercised the optional Exchange Right with respect to the unredeemed Exchangeable Shares and PWT or PWE will be required to purchase such shares from the holder in the manner set forth above.

Support Agreement

PWT Support Obligation. Under the Support Agreement, PWT and PWE each will agree that:

- (a) PWT will, upon declaring or paying any Distribution all or any portion of which PWT declares to be income, cause the Offeror to simultaneously pay a dividend on the Exchangeable Shares equal to that portion of such Distribution on that number of PrimeWest Units into which one Exchangeable Share is exchangeable at the beginning of the month in which such Distribution is paid which PWT declares to be income;
- (b) PWT will advise the Offeror in advance of the declaration of any Distribution all or any portion of which PWT will declare to be income and ensure that the declaration date, record date and payment date for dividends on the Exchangeable Shares are the same as that for the Distribution and that such dates will correspond with, if applicable, any requirement of any stock exchange on which the Exchangeable Shares are then listed;
- (c) PWT and PWE will take all actions and do all things necessary to ensure that the Offeror is able to pay to the holders of the Exchangeable Shares the Liquidation Amount in the event of a liquidation, dissolution or winding-up of the Offeror, the giving of a Retraction Request by a holder of Exchangeable Shares or a redemption of Exchangeable Shares by the Offeror; and
- (d) PWE will not vote or otherwise take any action or omit to take any action causing the liquidation, dissolution or winding-up of the Offeror.

The Support Agreement will also provide that, without the prior approval of the Offeror and the holders of the Exchangeable Shares, PWT will not distribute additional PrimeWest Units or rights to subscribe therefor or other property or assets to all or substantially all of the PrimeWest Unitholders, nor change the rights, privileges or other terms of the PrimeWest Units, unless the same or an equivalent distribution on, or change to the Exchangeable Shares (or in the rights of the holders thereof) is made simultaneously. In the event of any proposed take-over bid, issuer bid or similar transaction affecting the PrimeWest Units, PWT will use reasonable efforts to take all actions necessary or desirable to enable holders of Exchangeable Shares to participate in such transaction to the same extent and on an economically equivalent basis as the PrimeWest Unitholders.

The Support Agreement also provides that, as long as any outstanding Exchangeable Shares are owned by any person or entity other than PWT, PWE or any of their respective subsidiaries and other affiliates, PWE will, unless approval to do otherwise is obtained from the holders of Exchangeable Shares, remain the direct or indirect beneficial owner of more than 50% of all of the issued and outstanding voting securities of the Offeror.

With the exception of administrative changes for the purpose of adding covenants for the protection of the holders of the Exchangeable Shares, making certain necessary amendments or curing ambiguities or clerical errors (in each case provided that the board of directors of PWE, the board of directors of the Offeror, the Trustee and the Trustee's counsel are of the opinion that such amendments are not prejudicial to the interests of the holders of the Exchangeable Shares), the Support Agreement may not be amended without the approval of the holders of the Exchangeable Shares.

Under the Support Agreement, PWT and PWE have agreed to not exercise any voting rights attached to the Exchangeable Shares owned by them or any of their respective subsidiaries and other affiliates on any matter considered at meetings of holders of Exchangeable Shares (including any approval sought from such holders in respect of matters arising under the Support Agreement).

Delivery of PrimeWest Units. PWT will make such filings and seek such regulatory consents and approvals as are necessary so that the PrimeWest Units issuable upon the exchange of Exchangeable Shares will be issued in compliance with applicable securities laws in Canada and may be traded freely on the TSE or such other exchange on which the PrimeWest Units may be listed, quoted or posted for trading from time to time.

Directors and Officers

The names, municipalities and principal occupations of the directors and officers of the Offeror are as follows:

<u>Name and Present Principal Occupation or Employment</u>	<u>Position Held With Offeror</u>	<u>Municipality of Residence</u>
KENT J. MACINTYRE Chief Executive Officer PrimeWest Energy Inc.	Director and Chief Executive Officer	Calgary, Alberta
D. HUGH GILLARD President and Chief Operating Officer PrimeWest Energy Inc.	Director and Chief Operating Officer	Calgary, Alberta
SUSAN M. DUNCAN Vice-President, Finance PrimeWest Energy Inc.	Vice-President, Finance	Calgary, Alberta
TIM GRANGER Vice-President, Production PrimeWest Energy Inc.	Vice-President, Production	Calgary, Alberta
RON AMBROZY Vice-President, Business Development PrimeWest Energy Inc.	Vice-President, Business Development	Calgary, Alberta
ANN C. LANIEL Land Manager PrimeWest Energy Inc.	Land Manager	Calgary, Alberta
JAMES T. BRUVALL Partner Stikeman Elliott	Secretary	Calgary, Alberta

None of the above officers have been employed in their current positions for more than five years. Prior to July, 1996 Mr. MacIntyre's principal occupation was Chief Executive Officer of Triad Energy Inc. (March, 1994 - July, 1996). Mr. Gillard was President and Chief Executive Officer of CanWest Gas Supply Inc. from 1994 to December 1998. For the five years prior to June, 1999, Mr. Granger held various managerial positions at Pogo Canada Ltd., Petro-Canada and prior to that at Amerada-Hess. Prior to October, 1996 Ms. Duncan was Treasurer of Triad Energy Inc. (June, 1995 - October, 1996) and prior to June, 1995 a Principal with Coopers & Lybrand, Chartered Accountants. Prior to September, 1997, Mr. Ambrozy held several positions of progressive responsibility at Gulf Canada Resources Limited over the previous 22 years. Prior to October, 1996 Ms. Laniel was Landman of Triad Energy Inc.

(March, 1994 - October, 1996). Mr. Bruvall is currently a partner at Stikeman Elliott, barristers and solicitors (February 1996 - present). Prior to that time Mr. Bruvall was an associate at Stikeman Elliott, barristers and solicitors.

None of the directors or officers of the Offeror receives any remuneration in respect of his or her appointment in such capacities.

Auditors, Registrar and Transfer Agent

The auditors of the Offeror are PricewaterhouseCoopers LLP, Chartered Accountants, 1200, 425 – 1st Street S.W., Calgary, Alberta T2P 3V7.

The transfer agent and registrar for the Exchangeable Shares is The Trust Company of Bank of Montreal at its principal offices in Toronto and Calgary.

3. VENATOR

Overview

Venator is a Calgary-based junior oil and gas company that was amalgamated under the ABCA on June 22, 1993. The head, principal and registered offices of Venator are located at 910, 734 - 7th Avenue S.W., Calgary, Alberta, T2P 3P8.

Venator's core areas consist of natural gas properties in the Wapiti area, light crude oil properties in the Progress and Spirit River areas and medium crude oil properties in the Enchant area.

Price Range and Trading Volume of the Venator Shares

The outstanding Venator Shares are traded on the CDNX under the trading symbol "VTP". The following table sets forth the price range and trading volume of Venator Shares as reported by the CDNX for the periods indicated:

Period	High	Low	Volume
1999			
First Quarter.....	\$1.95	\$1.53	192,800
Second Quarter.....	2.20	1.55	331,500
Third Quarter.....	2.70	2.00	219,884
Fourth Quarter.....	3.60	2.30	232,700
2000			
January.....	4.25	3.25	100,601
February.....	3.90	3.40	20,600
March (1 to 24).....	4.20	3.50	409,284

The closing price of the Venator Shares on the CDNX on March 13, 2000, the last trading day prior to the announcement of the Offer on which a trade in the Venator Shares occurred, was \$3.75.

Recent Press Releases

Appointment of Financial Advisor

On November 24, 1999, Venator announced that it had retained Griffiths McBurney & Partners to act as financial advisor to Venator to commence a process to maximize value for all Venator Shareholders.

1999 Year-end Engineering Evaluation

On January 13, 2000, Venator announced that it had received an updated independent engineering evaluation of its reserves as at December 31, 1999. That announcement provided that:

- (a) Venator's crude oil and NGL reserves amounted to 1,654,100 bbls of Proved Reserves and 947,600 bbls of Probable Reserves, for total unrisks crude oil and NGL reserves of 2,601,700 bbls;
- (b) Venator's natural gas reserves amounted to 6,039,700 mcf of Proved Reserves and 1,176,700 mcf of Probable Reserves, for total unrisks natural gas reserves of 7,216,300 mcf;
- (c) the value of Venator's Proven plus Probable Reserves:
 - (i) assuming escalating costs and prices and a 15% discount rate, was \$28,645,400;
 - (ii) assuming escalating costs and prices and a 10% discount rate, was \$33,982,300;
 - (iii) assuming constant costs and prices and a 15% discount rate, was \$37,322,800; and
 - (iv) assuming constant costs and prices and a 10% discount rate, was \$44,415,000; and
- (d) the value of Venator's Established Reserves:
 - (i) assuming escalating costs and prices and a 15% discount rate, was \$25,617,800;
 - (ii) assuming escalating costs and prices and a 10% discount rate, was \$29,746,200;
 - (iii) assuming constant costs and prices and a 15% discount rate, was \$33,460,600; and
 - (iv) assuming constant costs and prices and a 10% discount rate, was \$39,069,350.

The assumptions used by Venator's independent engineers (including assumptions as to commodity prices) to calculate the foregoing reserve values are more fully set forth in the full text of the press release.

1999 Year-end Financial and Operating Results

On March 24, 2000, Venator announced its financial and operating results as at and for the year ended December 31, 1999. That press release provided that:

- (a) revenues from oil and gas sales increased 91% to \$7,371,990 compared with \$3,863,624 for 1998;
- (b) cash generated from operations increased 122% to \$4,399,015 (70 cents per share) from \$1,977,125 (31 cents per share) in 1998;
- (c) earnings increased 420% to \$1,878,492 (30 cents per share) from \$361,250 (6 cents per share) in 1998;

- (d) the ratio of year end debt to 1999 cashflow was 0.67;
- (e) crude oil and NGLs production increased 26% to average 609 bbls/d while natural gas production increased 74% to average 2,762 mcf/d, for total average production volumes of 885 boe/d; and
- (f) production levels for December 1999 averaged 1,047 boe/d, while current production levels were estimated to be approximately 1,300 boe/d.

Reporting Requirements

Venator is subject to the information and reporting requirements of the securities laws of the provinces of Canada and the rules of the CDNX. In accordance therewith, Venator is required to file reports and other information with certain securities regulatory authorities in Canada and with the CDNX relating to its business, financial statements and other matters. Information as of particular dates concerning Venator's directors and officers, their remuneration, options to purchase Venator Shares granted to them, the principal holders of Venator Shares and any material interests of such persons in transactions with Venator and other matters is required to be disclosed in proxy statements distributed to Venator Shareholders and filed with securities regulatory authorities and with the CDNX.

Directors' Circular

Pursuant to the provisions of the securities laws of various provinces of Canada, the directors of Venator must send a circular to all Venator Shareholders to whom the Offer is made. That circular must disclose, together with other information, any material changes in the affairs of Venator subsequent to the date of the most recently published financial statements of Venator.

4. PRE-OFFER AGREEMENT

The Offer

PWT and Venator have entered into the Pre-Offer Agreement pursuant to which PWT agreed to make an offer, either directly, through PWE, or through one or more direct or indirect wholly-owned subsidiaries of either PWT or PWE, or any combination thereof, to purchase all of the Venator Shares for an amount per Venator Share equal to 0.657 PrimeWest Units or 0.657 Exchangeable Shares. The Offer is being made by the Offeror, a wholly-owned subsidiary of PWE. The Pre-Offer Agreement provides that the Offer is subject to certain conditions including, among other things, the Minimum Condition. See "Conditions of the Offer" at Section 4 of the Offer. The Pre-Offer Agreement provides, among other things, that the Offeror may: (i) in its sole discretion, waive any term or condition of the Offer for its benefit, provided that if it takes up and pays for any Venator Shares, it shall acquire not less than the Minimum Required Shares; and (ii) in its sole discretion, vary any term or condition of the Offer, provided that it shall not without the prior written consent of Venator, acting reasonably (A) change the number of Venator Shares for which the Offer is made, (B) decrease or change the form of the consideration to be paid for each Venator Share, or (C) amend the Offer or modify the conditions to the Offer in a manner that is, in the opinion of Venator, acting reasonably, adverse to the Venator Shareholders. The Offeror shall, if either of the conditions of the Offer set forth in paragraphs (b) and (c) under "Conditions of the Offer" at Section 4 of the Offer have not been satisfied or waived on the initial Expiry Time and each of the other conditions set forth in Section 4 has been satisfied, extend the Offer for such period or periods of time, not to exceed 40 days in the aggregate following the initial Expiry Time, as is necessary to satisfy or

fulfil such conditions (but only if the Offeror has made a *bona fide* determination, acting reasonably, that there is a reasonable prospect that such conditions may be satisfied within such extended period).

Approval by Venator Directors

Pursuant to the Pre-Offer Agreement, Venator confirmed that its board of directors has unanimously determined to recommend that the Offer be accepted by Venator Shareholders, subject to the right of the board of directors to withdraw, modify or change its recommendation regarding the Offer in the event the board of directors of Venator receives an unsolicited Superior Take-over Proposal which in its opinion, acting in good faith after receipt of written advice from outside counsel, requires it to withdraw, modify or change its recommendation in accordance with the performance of its fiduciary duties under applicable law. In the event of receipt of any Take-over Proposal, whether it constitutes a Superior Take-over Proposal or not, Venator is obliged to provide a copy thereof on the day following receipt to the Offeror and where the board of directors of Venator believes any such Take-over Proposal constitutes a Superior Take-over Proposal, Venator is required to give PWT and the Offeror at least 60 hours notice in advance of any action to be taken by the board of directors of Venator to withdraw, modify or change its recommendation regarding the Offer or to enter into an agreement to implement such Superior Take-over Proposal. In such circumstances, the Offeror shall have the right to amend the Offer to provide Venator Shareholders with equal or greater value to that offered in any such Superior Take-over Proposal. If the Offeror advises the board of directors of Venator prior to the expiration of such 60 hour period that it will so amend the Offer, the board of directors of Venator shall not withdraw, modify or change its recommendation with respect to the Offer, as so amended, take any action to approve or implement any such Superior Take-over Proposal or release the party making the Superior Take-over Proposal from any standstill or confidentiality obligation.

Non-Completion Fee

Venator has agreed to pay to PWT a non-completion fee in a sum equal to \$1.55 million in the event that: (i) the board of directors of Venator shall have (A) failed to make any of the recommendations, approvals, resolutions or determinations required by it, or (B) withdrawn, modified or changed any of its recommendations, approvals, resolutions or determinations in a manner adverse to PWT or the Offeror, or shall have resolved to do so, or (C) failed to promptly reaffirm any of its recommendations, approvals, resolutions or determinations upon a request from time to time by PWT to do so, or upon a Take-over Proposal being publicly announced or proposed, offered or made to Venator or the Venator Shareholders (such affirmation to be made within two days of such request being made or such Take-over Proposal being publicly announced, proposed, offered or made, whichever occurs first); (ii) the board of directors of Venator shall have recommended that holders of Venator Shares deposit their Venator Shares under, vote in favour of or otherwise accept a Take-over Proposal; (iii) Venator shall have entered into an agreement (other than a confidentiality agreement substantially similar to the confidentiality agreement dated January 24, 2000 between PWE, on behalf of PWT, and Venator) with any person with respect to a Take-Over Proposal prior to the Expiry Time; (iv) a Take-Over Proposal is made to the Venator Shareholders for a consideration which is in the aggregate greater than the aggregate consideration provided for under the Offer, and at the Expiry Time the Minimum Condition has not been satisfied and such Take-Over Proposal is completed; or (v) the Pre-Offer Agreement is terminated by PWT as a result of a misrepresentation, breach or non-performance by Venator of any representation, warranty, covenant or obligation of Venator in the Pre-Offer Agreement which has, or is reasonably expected to have, a material adverse effect on Venator, provided that, in cases only where such misrepresentation, breach or non-performance is capable of being cured, Venator has been given notice of and three days to cure any such misrepresentation, breach or non-performance. In those circumstances, or in the event the Minimum Condition has not been

satisfied at the Expiry Time (other than as a result of a material breach of a covenant or obligation of PWT under the Pre-Offer Agreement or a Material Adverse Change in respect of PWT), Venator shall also pay to PWT an amount equal to \$200,000 in respect of all out of pocket expenses incurred by PWT and the Offeror in making the Offer. In addition, in the event a fee is payable to PWT as a result of the occurrence of the circumstances described in item (iv) above, or in the event the Pre-Offer Agreement is terminated by PWT as a result of the non-satisfaction of the condition set forth at paragraph (k) under "Conditions of the Offer" at Section 4 of the Offer, Venator shall, in addition to any other amounts payable to PWT, pay to PWT a further amount of \$200,000. Any such payments shall be made by Venator to PWT within one business day of the event giving rise to the payment obligation in immediately available funds to an account designated by the Offeror.

Termination

The Pre-Offer Agreement may, subject to its specific terms, be terminated: (i) by mutual written consent; (ii) by either PWT or Venator if the Offeror shall not have taken up and paid for the Minimum Required Shares under the Offer on or before the time required by the Pre-Offer Agreement, unless the absence of such occurrence shall be due to the failure of the party seeking to terminate the Pre-Offer Agreement to perform its obligations thereunder; (iii) by either PWT or Venator if a court of competent jurisdiction or a governmental, regulatory or administrative agency or commission shall have issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting any of the transactions contemplated by the Pre-Offer Agreement and such order, decree, ruling or other action shall have become final and non-appealable, provided that the party seeking to terminate the Pre-Offer Agreement has used all commercially reasonable efforts to remove such order, decree, ruling or injunction; (iv) by either PWT or Venator if there has been a misrepresentation, breach or non-performance by the other party of any representation, warranty, covenant or obligation contained in the Pre-Offer Agreement in any case which has, or is reasonably expected to have, a Material Adverse Effect on the breaching party, provided that, in cases only where such misrepresentation, breach or non-performance is capable of being cured, the breaching party has been given notice of and three days to cure any such misrepresentation, breach or non-performance; (v) by Venator or PWT if Venator enters into an agreement providing for a Superior Take-over Proposal; (vi) by Venator or PWT upon a non-completion fee as described above becoming payable; (vii) by Venator if the first take-up by the Offeror of Venator Shares pursuant to the Offer has not occurred within 40 days following the initial Expiry Time; or (viii) by Venator if there has been a Material Adverse Change in respect of PWT since March 14, 2000, being the date of the Pre-Offer Agreement.

Other

Venator has agreed to use all commercially reasonable efforts to cooperate with the Offeror and to take all reasonable action to support the Offer and not to solicit, initiate or knowingly encourage proposals or offers from others or provide any confidential information to or participate in discussions or negotiations regarding any other proposal or offer, subject to any obligation of the board of directors of Venator to respond, in accordance with applicable law or in the discharge of its fiduciary duties, to any unsolicited offer or proposal which the board of directors of Venator reasonably believes would, if successful, result in a Superior Take-over Proposal. Venator has also agreed that, between the time the Pre-Offer Agreement was executed and the termination of the Pre-Offer Agreement, it will conduct its business in the ordinary course and will, among other things, not incur any significant liabilities or expenditures out of the ordinary course of business. As a condition to the making of the Offer, the Pre-Offer Agreement required that the Locked Venator Shareholders enter into the Lock-up Agreements

within three days of PWT and Venator entering into of the Pre-Offer Agreement. See "Lock-up Agreements" at Section 5 of this Circular.

5. LOCK-UP AGREEMENTS

PWT has entered into the Lock-up Agreements with the Locked Venator Shareholders in respect of an aggregate of 3,387,863 Venator Shares and options to purchase an additional 120,000 Venator Shares (such Venator Shares, collectively with the 3,387,863 Venator Shares currently held by the Locked Venator Shareholders, being the "Locked Venator Shares"). The Locked Venator Shares represent approximately 52.4% of the outstanding Venator Shares (on a fully diluted basis).

Under the Lock-up Agreements, the Locked Venator Shareholders have agreed to exercise their options to purchase 120,000 Venator Shares and to deposit all of the Locked Venator Shares to the Offer. The Locked Venator Shares may not be withdrawn and tendered into any competing offer.

The Locked Venator Shareholders further agreed under the Lock-up Agreements:

- (a) not to dispose of any of the Locked Venator Shares other than pursuant to the Offer;
- (b) not to solicit, initiate, facilitate, promote or encourage proposals or offers from, or entertain, enter into or continue discussions or negotiations with, directly or indirectly, any person other than the Offeror relating to the Locked Venator Shares or concerning any transaction involving Venator; and
- (c) not to initiate, propose, assist or participate in any solicitation of Venator Shareholders, nor to induce or attempt to induce any other person to initiate any transaction which may reduce the likelihood of the Offer being successfully completed.

The Locked Venator Shareholders may terminate their obligations under the Lock-up Agreements if the Offer is not mailed to the Venator Shareholders on or before April 10, 2000, at any time after the 60th day following the date on which the Offer is mailed if the Offer has not expired or been terminated by that date, or in the event the Pre-Offer Agreement is terminated, other than in certain circumstances.

6. BACKGROUND TO AND BENEFITS OF THE COMBINATION

Background to the Offer

Venator is a junior exploration and production company which has generated consistent increases in cashflow, as well as positive earnings, over the past number of years. On November 24, 1999, Venator announced that it had appointed Griffiths McBurney & Partners as its financial advisor to commence a process to maximize value for all Venator Shareholders.

PWT signed a confidentiality agreement with Venator on January 24, 2000 and PWT used the confidential information provided to conduct a detailed analysis of Venator's reserves, financial position and other business and operational matters affecting Venator.

PWT, following a review of such confidential information and other public information, determined that a combination of the Offeror with Venator would provide certain benefits to the PrimeWest Unitholders and the Venator Shareholders, which benefits are described below.

It is the intention of the Offeror, if the Offer is successful, to combine the businesses of the Offeror and Venator. See "Purpose of the Offer and Plans for Venator" at Section 7 of the Circular.

Benefits of the Combination

The Offeror believes that the acquisition of all of the Venator Shares would significantly benefit the holders of PrimeWest Units, including those PrimeWest Units issued pursuant to the Offer and those issued pursuant to any Subsequent Acquisition Transaction. These benefits include the following:

- (a) **Increased Distributions:** The Offeror believes that the acquisition of all of the Venator Shares will lead to incremental distributions in respect of the PrimeWest Units, compared to distributions without such acquisition.
- (b) **High Quality Reserves:** Venator's reserves have high quality netbacks driven by a balanced commodity portfolio of approximately 58% oil and NGLs and 42% natural gas, on a production basis, and low operating costs at \$4.21 per bbl. The production is unhedged and about 83% of the gas is not contracted with aggregators, allowing for access to higher priced natural gas markets.
- (c) **Potential Development Opportunities:** Venator's management has identified incremental reserves in addition to that assigned by Venator's independent petroleum engineering consultants in what PWM considers to be low-risk development projects. PWM has taken a conservative view of the risks associated with such incremental reserves and believes there exists a substantial reserve and value potential associated with waterflood performance and some development drilling not included in the report of Venator's independent petroleum engineering consultants.
- (d) **High Quality Undeveloped Land Base:** PWM believes that Venator's undeveloped land base of 34,000 net acres will generate significant production and revenue.
- (e) **Operating Synergies and Economies of Scale:** The Offeror believes that the acquisition of all of the Venator Shares will enable PrimeWest Unitholders to realize the benefits of operating synergies in areas, such as Enchant, where PWE's and Venator's properties overlap, as well as further economies of scale resulting from one management team, rather than two, managing the combined portfolio of properties.

Total Units Outstanding

There are currently 35,848,116 PrimeWest Units outstanding. Venator has represented in the Pre-Offer Agreement that there are currently 6,284,216 Venator Shares outstanding and an additional 410,000 Venator Shares that are issuable pursuant to the exercise of outstanding options to purchase Venator Shares. Accordingly, the Offeror expects to issue or cause to be issued an aggregate of approximately 4,398,100 PrimeWest Units and Exchangeable Shares (assuming all Venator Shares are deposited to the Offer and all options to purchase Venator Shares are exercised).

7. PURPOSE OF THE OFFER AND PLANS FOR VENATOR

Purpose of the Offer

The purpose of the Offer is to enable the Offeror to acquire control of Venator and ultimately to own all of the issued and outstanding Venator Shares, including Venator Shares which may become outstanding on the exercise of currently outstanding options, warrants, or other rights to purchase Venator Shares, and to combine the businesses of the Offeror and Venator. See also "Acquisition of Venator Shares Not Deposited under the Offer" at Section 15 of the Circular. The Offeror has agreed with Venator under the Pre-Offer Agreement that if the Offeror takes up and pays for the Minimum Required Shares, it will use its commercially reasonable efforts to acquire the balance of the Venator Shares. The exact timing and details of any Subsequent Acquisition Transaction involving Venator will necessarily depend upon a variety of factors, including the number of Venator Shares acquired pursuant to the Offer.

Although the Offeror currently intends to propose a Subsequent Acquisition Transaction generally on the same terms as the Offer, it is possible that, as a result of delays in the Offeror's ability to effect such a transaction, information hereafter obtained by the Offeror, changes in general economic, industry, regulatory or market conditions or in the business of Venator, or other currently unforeseen circumstances, such a transaction may be delayed or abandoned or may be proposed on different terms. The Offeror expressly reserves the right to propose a Subsequent Acquisition Transaction on terms other than those described herein.

If the Offeror proposes a Subsequent Acquisition Transaction but cannot obtain any required approvals promptly, the Offeror will evaluate its other alternatives. Such alternatives could include, to the extent permitted by applicable law, purchasing additional Venator Shares in the open market, in privately negotiated transactions, or in another takeover bid or exchange offer or otherwise. Subject to applicable law, any additional purchases of Venator Shares could be at a price greater than, equal to or less than the price to be paid for Venator Shares under the Offer and could be for cash, securities and/or other consideration.

Plans for Venator

If the Offer is successful, the Offeror will appoint its nominees to the Venator board of directors. Upon the acquisition of all of the Venator Shares, the Offeror intends to cause the business and operations of Venator to be combined with those of the Offeror. As a result of such combination, it is anticipated that all of the current employees and officers of Venator will be terminated.

If permitted by applicable law, subject to completion of the Offer, the Offeror intends that if all of the issued and outstanding Venator Shares are acquired as a result of the Offer and a Compulsory Acquisition or any Subsequent Acquisition Transaction, then the Venator Shares would be delisted from the CDNX and, subject to applicable securities laws in provinces where Venator is a reporting issuer, the Offeror would cause Venator to cease to be a reporting issuer in such provinces. See also "Effect of the Offer on Market and Listings" at Section 13 of the Circular.

Selected Pro Forma Operating Information

The following table sets forth certain operating information for PWT and Venator, as well as pro forma information for PWT, as at and for the year ended December 31, 1999, after giving effect to the acquisition by the Offeror of all of the Venator Shares pursuant to the Offer:

As at and for the year ended December 31, 1999 (1) (2)

	<u>PWT</u>	<u>Venator</u>	<u>PWT and Venator</u>
Established Reserves (before royalties)			
Crude oil and NGLs (mmbbls).....	26,222	2,128	28,350
Natural Gas (mmcf)	224,497	6,628	231,125
Sulphur (mlt).....	619	nil	619
Average Daily Production			
Crude Oil and NGLs (bbls/d)	7,251	609	7,860
Natural Gas (mcf/d).....	46,457	2,762	49,219
Total (boe/d)(3).....	11,897	885	12,782

Notes:

- (1) Information regarding Venator is derived from public sources.
- (2) Columns may not add due to rounding.
- (3) Natural gas volumes are converted to barrels of oil equivalent on the basis of one barrel of crude oil for ten thousand cubic feet of natural gas.

Selected Pro Forma Financial Information

The following table sets out certain financial information for PWT and Venator, as well as unaudited pro forma consolidated financial information for PWT, as at and for the year ended December 31, 1999, after giving effect to the acquisition by the Offeror of all of the Venator Shares pursuant to the Offer, and certain other adjustments. The following information does not take into account expected savings of general and administrative expenses, current Venator production of approximately 1,300 boe/d (as compared to Venator's average daily production during 1999 of 885 boe/d), the realization of certain identified operational savings, any incremental revenues that may be generated by the exploitation and development of Venator's properties by PWM or the monetization of Venator's undeveloped land base through farmout or sale. See "Benefits of the Combination" under "Background to and Benefits of the Combination" at Section 6 of the Circular. The following information should be read in conjunction with the unaudited pro forma consolidated financial statements of PWT as set forth in Schedule B to the Circular, including the notes thereto:

As at and for the year ended December 31, 1999 (1) (2)

	<u>PWT</u>	<u>Venator</u>	<u>PWT and Venator (3)</u>
Revenues, net of royalties.....	\$ 83,063	\$ 7,075	\$ 90,138
Distributions, aggregate.....	37,351	n/a	41,811
Distributions, per trust unit	1.10	n/a	1.09
Total Assets	320,210	16,789	355,095
Long-term Debt.....	92,179	2,187	94,366
Unitholders'/Shareholders' Equity	200,040	9,192	229,068

Notes:

- (1) Information regarding Venator is derived from public sources.
- (2) All amounts are in thousands except for per trust unit amounts.
- (3) These amounts include the effect of the acquisition fee payable to PWM.

8. OWNERSHIP OF VENATOR SHARES

Except pursuant to the Lock-up Agreements described under "Lock-up Agreements" at Section 5 of this Circular, neither the Offeror, PWT nor any director or officer of PWE nor, to the knowledge of the Offeror after reasonable enquiry, any associate of such director or officer, nor any associate or affiliate of the Offeror, beneficially owns, directly or indirectly, or controls or exercises direction over, or has the right to acquire, any securities of Venator. To the knowledge of the Offeror after reasonable enquiry, no securities of Venator are beneficially owned by, nor is control or direction over any securities of Venator exercised by, any person or company who beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of any class of equity securities of the Offeror or any person or company acting jointly or in concert with the Offeror.

9. TRADING IN VENATOR SHARES

No securities of Venator have been traded during the 12 month period preceding the date of the Offer by the Offeror, PWT, by directors or officers of PWE, or, to the knowledge of the Offeror after reasonable enquiry, by any associate or affiliate of the Offeror or of any director or officer of the Offeror or by any person or company who beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of any class of equity securities of the Offeror or by any person or company acting jointly or in concert with the Offeror.

The Offeror has no present intention of acquiring beneficial ownership of Venator Shares while the Offer is outstanding, other than pursuant to the Offer. However, the Offeror reserves the right to, and may, acquire (or cause an affiliate to acquire) Venator Shares by making purchases through the facilities of the CDNX, subject to applicable law, at any time and from time to time prior to the Expiry Time. The Offeror will not make any purchases of Venator Shares through the facilities of the CDNX until the third clear trading day following the date of the Offer. If the Offeror should acquire Venator Shares by making purchases through the facilities of the CDNX during the period from the date hereof to the Expiry Time, the Venator Shares so purchased shall be counted in any determination as to whether the Minimum Condition has been fulfilled. The aggregate number of Venator Shares acquired by the Offeror through the facilities of the CDNX during the period from the date hereof to the Expiry Time shall not exceed 5% of the outstanding Venator Shares as of the date of the Offer.

Although the Offeror has no present intention to sell Venator Shares taken up under the Offer, it reserves the right to make or enter into an arrangement, commitment or understanding at or prior to the Expiry Time to sell Venator Shares after the Expiry Time.

10. COMMITMENTS TO ACQUIRE VENATOR SHARES

Except pursuant to the Lock-up Agreements described under "Lock-up Agreements" at Section 5 of this Circular, no securities of Venator are covered by any commitments made by the Offeror, PWT or the directors or officers of the Offeror or PWE and, to the knowledge of such directors and senior officers, after reasonable inquiry, no securities of Venator are covered by any commitments made by any associate or affiliate of the Offeror, by any associate of any director or officer of the Offeror or PWE, by any person or company who beneficially owns, directly or indirectly more than 10% of any class of equity securities of the Offeror or by any person or company acting jointly or in concert with the Offeror, to acquire any equity securities of Venator.

11. ARRANGEMENTS, AGREEMENTS OR UNDERSTANDINGS

There are no contracts, arrangements or agreements made or proposed to be made between PWT, PWE or the Offeror and any of the directors or officers of Venator and no payments or other benefits are proposed to be made or given by way of compensation for loss of office or as to such directors or officers remaining in or retiring from office if the Offer is successful, however PWT has agreed under the Pre-Offer Agreement to honour and comply with the terms of Venator's existing employment agreements, indemnity agreements and termination and severance plans.

Except pursuant to the Lock-up Agreements described under "Lock-up Agreements" at Section 5 of this Circular, there are no contracts, arrangements or understandings, formal or informal, between the Offeror and any Venator Shareholders with respect to the Offer or between the Offeror and any person or company with respect to any securities of Venator in relation to the Offer.

12. MATERIAL CHANGES IN THE AFFAIRS OF VENATOR AND OTHER INFORMATION

The Offeror has no information which indicates any material change in the affairs of Venator since the date of the last published financial statements of Venator, being the audited consolidated financial statements for the year ended December 31, 1999.

The Offeror has no knowledge of any other matter that has not previously been generally disclosed but which would reasonably be expected to affect the decision of Venator Shareholders to accept or reject the Offer.

13. EFFECT OF THE OFFER ON MARKET AND LISTINGS

The purchase of Venator Shares by the Offeror pursuant to the Offer will (i) reduce the number of such shares that might otherwise trade publicly, as well as the number of Venator Shareholders, and (ii) depending on the number of Venator Shareholders depositing their Venator Shares and the number of Venator Shares purchased under the Offer, could adversely affect the liquidity and market value of the remaining Venator Shares held by the public. After the purchase of Venator Shares under the Offer, Venator may cease to be subject to the public reporting and proxy solicitation requirements of the securities laws of certain provinces of Canada.

The rules and regulations of the CDNX establish certain criteria which, if not met, could lead to the delisting of the Venator Shares from such exchange. Such criteria include the number of Venator Shares publicly held and the aggregate market value of the Venator Shares publicly held. Depending on the number of Venator Shares purchased pursuant to the Offer, it is possible that the Venator Shares would fail to meet the criteria for continued listing on such exchange. If this were to happen, the Venator Shares could be delisted and this could, in turn, adversely affect the market or result in a lack of an established market for such Venator Shares. The Offeror intends to apply to delist the Venator Shares from such exchange as soon as practicable after completion of the Offer and any Subsequent Acquisition Transaction.

If the Venator Shares are delisted, it is possible that such shares would be traded in the over-the-counter market and that price quotations for those shares would be reported in Canada through the Canadian over-the-counter automated trading system. The extent of the public market for the shares and the availability of such quotations would, however, depend upon the number of Venator Shareholders

remaining at such time, the interest in maintaining a market in such shares on the part of brokerage houses and other factors.

14. REGULATORY MATTERS

Securities Regulatory Matters

The Offeror is not currently a reporting issuer in any jurisdiction and is not subject to the informational reporting requirements under the securities laws of any jurisdiction. The Offeror will become subject to those reporting requirements in certain Canadian jurisdictions as a result of filing the Offer and this Circular in those jurisdictions and in certain other Canadian jurisdictions as a result of the Exchangeable Shares being listed on the TSE or any other recognized exchange (should such listing ever occur). The Offeror intends to apply for and expects to receive exemptions from those reporting requirements. Instead of complying with those reporting requirements (which would include filing separate financial statements for the Offeror), the Offeror will provide holders of Exchangeable Shares with the documents filed by PWT pursuant to the informational reporting requirements to which PWT is subject under applicable Canadian securities laws.

15. ACQUISITION OF VENATOR SHARES NOT DEPOSITED UNDER THE OFFER

Compulsory Acquisition

If, by the Expiry Time or within 120 days after the date hereof, whichever period is shorter, the Offer has been accepted by holders of not less than 90% of the issued and outstanding Venator Shares (other than any Venator Shares held on the date of the Offer by or on behalf of the Offeror and its affiliates and associates, as such terms are defined in the ABCA), then the Offeror will be entitled, and reserves the right (and intends to do so in the appropriate circumstances if the Offeror considers it necessary or desirable), to acquire the Venator Shares held by persons who did not accept the Offer, or by subsequent transferees of such persons (collectively, the "Dissenting Offerees"), on the same terms as the Venator Shares acquired under the Offer, provided the Offeror complies with Part 16 of the ABCA, "Take-over Bids - Compulsory Purchase" (a "Compulsory Acquisition").

To exercise such statutory right, the Offeror must give notice (the "Offeror's Notice") by registered mail to each Dissenting Offeree of the proposed acquisition, on or before the earlier of 60 days after the date on which the Expiry Time occurred and 180 days after the date of the Offer. Within 20 days of giving the Offeror's Notice, the Offeror must pay or transfer to Venator the amount of money or other consideration the Offeror would have had to pay or transfer to the Dissenting Offerees if they had elected to accept the Offer, to be held in trust for the Dissenting Offerees. In accordance with Part 16 of the ABCA, within 20 days after receipt of the Offeror's Notice, each Dissenting Offeree must send the certificates representing the Venator Shares held by the Dissenting Offeree to Venator and the Dissenting Offeree is required to elect to either transfer such shares to the Offeror on the terms of the Offer or to demand payment of the fair value of such shares by notifying the Offeror and applying to the Court of Queen's Bench of Alberta to fix the fair value of such shares, within 60 days after the sending of the Offeror's Notice. Any judicial determination of the fair value of such shares could be more or less than the amount paid pursuant to the Offer. If a Dissenting Offeree fails to notify the Offeror and apply to the Court within 60 days after the sending of the Offeror's Notice, the Dissenting Offeree will be deemed to have elected to transfer the Venator Shares held by that Dissenting Offeree to the Offeror on the same terms that the Offeror acquired Venator Shares under the Offer.

The foregoing is a summary only. Reference should be made to Part 16 of the ABCA for the complete text of the relevant statutory provisions. The provisions of Part 16 of the ABCA are complex and may require strict adherence to notice and timing provisions, failing which rights may be lost or altered. Venator Shareholders who wish to be better informed about the provisions of Part 16 of the ABCA should consult their legal advisors.

Subsequent Acquisition Transaction

If the Offeror takes up and pays for Venator Shares validly deposited under the Offer and the statutory right to carry out a Compulsory Acquisition is not available or the Offeror elects not to pursue such right, the Offeror reserves the right (and intends to do so in the appropriate circumstances if the Offeror considers it necessary or desirable) to pursue other means of acquiring, directly or indirectly, all of the issued and outstanding Venator Shares in accordance with applicable law. In order to effect such a transaction, the Offeror may seek to cause a special meeting of the Venator Shareholders to be called to consider an amalgamation, a statutory arrangement, a capital reorganization or another transaction involving Venator and the Offeror or an affiliate of the Offeror (a "Subsequent Acquisition Transaction") for the purpose of enabling the Offeror to acquire all of the Venator Shares not acquired under the Offer. If the Minimum Condition is satisfied, the Offeror should have acquired sufficient Venator Shares to carry out the acquisition of all the remaining Venator Shares. In any amalgamation, statutory arrangement or other transaction, the holders of Venator Shares may have the right to dissent under the ABCA and to be paid the fair value for their Venator Shares, with such fair value to be determined by a court.

Each of the methods of acquiring the remaining outstanding Venator Shares described above, other than the statutory right to carry out a Compulsory Acquisition, would be a "going private transaction" within the meaning of the regulations under the ASA (the "Regulations"), Policy 9.1 and Policy Q-27 if such methods would result in the interest of the holder of Venator Shares (the "affected securities") being terminated without the consent of the holder and without the substitution therefor of an interest of equivalent value in a participating security of Venator, an affiliate of Venator, a successor body corporate, a successor to the business of Venator or a person who controls Venator or, in the case of Policy 9.1 and Policy Q-27, a person who controls a successor to the business of Venator. The transaction could also be a "related party transaction" for the purposes of Policy 9.1 and Policy Q-27.

The Offeror currently intends that a Subsequent Acquisition Transaction would take the form of an amalgamation of Venator and a wholly-owned subsidiary of the Offeror whereupon Venator Shareholders would receive redeemable preferred shares of the amalgamated entity in exchange for their Venator Shares, which would then be redeemed for PrimeWest Units or Exchangeable Shares on the same basis as PrimeWest Units and Exchangeable Shares are being exchanged for Venator Shares under the Offer. Such a transaction may constitute a related party transaction but the Offeror does not believe it would constitute a going private transaction as the Offeror believes that the consideration under the Offer represents at least equivalent value to that of the Venator Shares.

Policy 9.1 and Policy Q-27 provide that, unless exempted, a person proposing to carry out a related party transaction or a going private transaction is required to prepare, under the supervision of the issuer of the affected securities, a valuation of the affected securities (and any non-cash consideration being offered therefor) and provide to the holders of the affected securities a summary of such valuation. The Regulations impose a requirement to include a summary of a similar valuation in a take-over bid circular where the offeror thereunder anticipates that a going private transaction will follow the take-over bid. To the extent required, the Offeror intends to rely on available exemptions or to seek waivers pursuant to Policy 9.1 and Policy Q-27 exempting the Offeror, Venator or their affiliates, as appropriate, from the requirements to prepare a valuation in connection with any Subsequent Acquisition Transaction.

The Ontario Securities Commission has given notice that Rule 61-501 "Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions" ("Rule 61-501") is to replace Policy 9.1 effective May 1, 2000. Under Rule 61-501, a Subsequent Acquisition Transaction of the form described above would likely be considered a going private transaction but would be exempt from the valuation requirements normally applicable to going private transactions provided that such transaction is completed not later than 120 days after the Expiry Time, the intent to effect the transaction was disclosed in the take-over bid circular, the consideration offered under such transaction is at least equal in value and is in the same form as that paid under the take-over bid, and the take-over circular contains certain required disclosure respecting the transaction. Accordingly, the Offeror anticipates that any Subsequent Acquisition Transaction that is completed after May 1, 2000 will be subject to Rule 61-501, and that the Offeror will be able to avail itself of the valuation exemption described above.

Policy 9.1 and Policy Q-27 would also require that, in addition to any other required securityholder approval, in order to complete a related party transaction or a going private transaction, the approval of a simple or two-thirds majority (depending on the nature of the transaction and the nature and value of the consideration offered) of the votes cast by "minority" holders of the affected securities be obtained. In the case of a related party transaction, a simple majority of the "minority" vote is required unless, where a formal valuation is required, the value of the consideration to be paid is less than the value or the simple average of the high and low ends of the range of values arrived at by the formal valuation, in which case a two-thirds majority of the "minority" vote is required. The necessary level of securityholder approval required with respect to a going private transaction is a simple majority of the "minority" vote unless: (i) the consideration offered is payable wholly or partly other than in cash or the right to receive cash within 35 days of approval of such transaction; or (ii) if a formal valuation is required and the consideration is payable entirely in cash and is less in amount than the per security value, or the simple average of the high and low ends of the range of per security values arrived at by the formal valuation, in which case the necessary level of securityholder approval is a two-thirds majority of the votes cast by "minority" holders of the affected securities.

Under Rule 61-501, a Subsequent Acquisition Transaction of the form described above would likely be considered a going private transaction and would be subject to a simple majority of the "minority" vote, and Venator Shares acquired pursuant to the Offer would generally be able to be counted as part of the "minority" on a basis similar to that under Policy 9.1, as described below. In relation to the Offer and any subsequent related party transaction or going private transaction, Policy 9.1 and Policy Q-27 provide that the Offeror may treat Venator Shares acquired pursuant to the Offer as "minority" Venator Shares and vote them in favour of such a related party transaction or going private transaction if the intent to effect a related party transaction or going private transaction was disclosed at the time of the Offer, if either a summary of a valuation was provided at the time of the Offer or no valuation was required at law in respect of the Offer and if the consideration per security in the related party transaction or going private transaction is at least equal in value to the consideration paid under the Offer. To the extent that the Subsequent Acquisition Transaction proposed by the Offeror constitutes a related party transaction and discretionary waivers have not been obtained by the Offeror, a simple or two-thirds majority of the votes cast by "minority" shareholders would have to be obtained depending on the range of per Venator Share values arrived at by the formal valuation. In relation to the Offer and any subsequent related party transaction or going private transaction, the "minority" shareholders would be, absent discretionary relief from the OSC and the CVMQ, the Offeror with respect to Venator Shares acquired pursuant to the Offer, except as provided below, and with respect to all other Venator Shares, all Venator Shareholders, other than the Offeror, its directors and senior officers, any associate or affiliate of the Offeror or its directors or senior officers, any person or company acting jointly or in concert with the Offeror or any of its directors or senior officers in connection with the Offer or the subsequent related party transaction or

going private transaction, and any person who is a "related party" of the Offeror as defined by Policy 9.1 and Policy Q-27.

Policy 9.1 and Policy Q-27 also provide that in determining the number of Venator Shares acquired pursuant to the Offer that may be counted as part of the "minority" in connection with the approval of any Subsequent Acquisition Transaction, Venator Shares tendered to the Offer pursuant to a lock-up agreement by a person or persons who participated in the negotiation of the Pre-Offer Agreement may not be counted in calculating the "minority" approval of the Subsequent Acquisition Transaction. The Locked Venator Shareholders include one director of Venator who could be said to have participated in the negotiation of Pre-Offer Agreement. Accordingly, any Venator Shares acquired from such Locked Venator Shareholder may not be counted in calculating the "minority" approval of any Subsequent Acquisition Transaction. Rule 61-501 will not exclude any of the Locked Venator Shares from being counted as part of the "minority" in connection with the approval of any Subsequent Acquisition Transaction.

In the event a Subsequent Acquisition Transaction were to be completed, holders of Venator Shares may have the right, pursuant to section 184 of the ABCA, to dissent and demand payment of the fair value of such Venator Shares. This right, if the statutory procedures are complied with, would lead to a judicial determination of the fair value required to be paid to such dissenting holders for their Venator Shares. The fair value of Venator Shares so determined could be more or less than the amount paid per Venator Share pursuant to the Subsequent Acquisition Transaction or the Offer. Any such determination of the fair value of the Venator Shares could be based upon considerations other than, or in addition to, the market price of the Venator Shares.

See Section 16 of the Circular, "Canadian Federal Income Tax Considerations" for a discussion of the tax consequences to Venator Shareholders in the event of a Subsequent Acquisition Transaction.

Venator Shareholders should consult their legal advisors for a determination of their legal rights with respect to any transaction which may constitute a related party transaction or a going private transaction.

Other Alternatives

If the Offeror proposes a Subsequent Acquisition Transaction but cannot within 180 days obtain any required approval, or otherwise does not complete a Subsequent Acquisition Transaction, the Offeror will evaluate its other alternatives. Such alternatives could include, to the extent permitted by applicable law, purchasing additional Venator Shares in the open market, in privately negotiated transactions, in another take-over bid or exchange offer or otherwise, or taking no further action to acquire additional Venator Shares. Any additional purchases of Venator Shares could be at a price greater than, equal to or less than the price to be paid for the Venator Shares under the Offer and could be for cash, PrimeWest Units and/or Exchangeable Shares or other consideration. Alternatively, the Offeror may sell or otherwise dispose of any or all Venator Shares acquired pursuant to the Offer or otherwise. Such transactions may be effected on terms and at a price then determined by the Offeror, which may vary from the price paid for Venator Shares under the Offer.

Judicial Developments

Canadian courts have, in a few instances prior to the adoption of Policy 9.1 and Policy Q-27, granted preliminary injunctions to prohibit transactions involving certain going private transactions.

The current trend, both in legislation and in Canadian jurisprudence, is toward permitting going private transactions to proceed subject to compliance with requirements and procedures such as those

described by Policy 9.1 and Policy Q-27 which are intended to ensure procedural and substantive fairness to minority shareholders.

16. CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Stikeman Elliott, counsel to the Offeror, the following is a summary of the principal Canadian federal income tax considerations under the Tax Act and the regulations thereunder (the "Regulations") generally applicable to Venator Shareholders who dispose of their Venator Shares pursuant to the Offer or pursuant to a Subsequent Acquisition Transaction described under "Acquisition of Venator Shares Not Deposited Under the Offer" at Section 15 of this Circular, and who, for the purposes of the Tax Act and at all relevant times, are resident in Canada, hold their Venator Shares and will hold their PrimeWest Units or Exchangeable Shares, as the case may be, as capital property and deal at arm's length with the Offeror and Venator (each a "Holder"). Generally, the Venator Shares, PrimeWest Units or Exchangeable Shares, as the case may be, will be considered to be capital property to a holder thereof provided such holder does not hold such securities in the course of carrying on a business of trading or dealing in securities and did not acquire such securities in one or more transactions considered to be an adventure in the nature of trade. Certain holders whose Venator Shares or PrimeWest Units might not otherwise qualify as capital property may be able to obtain such qualification by making the election permitted by subsection 39(4) of the Tax Act. This summary is not applicable to a holder of Venator Shares that is a "financial institution" as defined in the Tax Act for the purposes of the mark-to-market rules or to a holder any interest in which is a "tax shelter investment" as defined in the Tax Act. This summary is based upon the current provisions of the Tax Act and the Regulations, all specific proposals to amend the Tax Act and the Regulations publicly announced by the Minister of Finance prior to the date hereof (the "Proposed Amendments") and counsel's understanding of the current administrative practices of the Canada Customs and Revenue Agency (the "CCRA"). Other than the Proposed Amendments, the summary does not take into account or anticipate changes in the law, whether by way of judicial decision or legislative action, nor does it take into account tax legislation of any country other than Canada or of any province or territory of Canada.

The summary does not apply to Venator Shareholders who, for the purposes of the Tax Act, are not resident in Canada.

The Canadian income tax consequences of acquiring, holding and disposing of Exchangeable Shares are not certain, and the comments below, to the extent they represent counsel's opinion on such matters, are not, and should not be construed as, an opinion or representation of counsel that such tax consequences, or only such tax consequences, will result. No advance income tax ruling has been requested from the CCRA with respect to the transactions described herein. The CCRA may impose different or additional tax consequences than those described herein, which tax consequences may be more onerous than those described herein.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder, and no representations with respect to the income tax consequences to any Holder are made. Holders should consult their own tax advisors for advice with respect to the tax consequences to them of disposing of their Venator Shares pursuant to the Offer or any Subsequent Acquisition Transaction, having regard to their particular circumstances.

The summary assumes that PWT currently qualifies, and will continue to qualify at all material times, as a mutual fund trust within the meaning of the Tax Act. Counsel has been advised that PWT intends to continue to so qualify at all material times.

The Offer

Exchange of Venator Shares for PrimeWest Units

A Holder who exchanges Venator Shares for PrimeWest Units pursuant to the Offer generally will realize a capital gain (or capital loss) equal to the amount by which the fair market value, at the time of the exchange, of the PrimeWest Units received by the Holder, net of any reasonable costs incurred by the Holder in connection with the exchange, exceeds (or is less than) the adjusted cost base to the Holder of such Venator Shares. In the case of a Holder that is a corporation, or a partnership or trust of which a corporation is a member or beneficiary, the amount of any such capital loss may be reduced by the amount of dividends received or deemed to have been received by the Holder on the Venator Shares, to the extent and under the circumstances described in the Tax Act. See “Taxation of Capital Gains and Capital Losses” below. The cost to the Holder of such PrimeWest Units will be equal to the fair market value thereof at the time of the exchange. This cost will be averaged with the adjusted cost base of all other PrimeWest Units held by the Holder at that time as capital property to determine the adjusted cost base to the Holder of each PrimeWest Unit.

Exchange of Venator Shares for Exchangeable Shares and Ancillary Rights

Non-Rollover Transaction

A Holder who exchanges Venator Shares for Exchangeable Shares and Ancillary Rights will, unless the Holder is an Eligible Holder and makes a joint election under subsection 85(1) or 85(2) of the Tax Act as discussed below, generally realize a capital gain (or capital loss) equal to the amount by which the sum of (i) the fair market value of the Exchangeable Shares received by the Holder on the exchange, and (ii) the fair market value of the Ancillary Rights received by the Holder on the exchange, net of any reasonable costs incurred by the Holder in connection with the exchange, exceeds (or is less than) the adjusted cost base to the Holder of such Venator Shares. In the case of a Holder that is a corporation, or a partnership or trust of which a corporation is a member or beneficiary, the amount of any such capital loss may be reduced by the amount of dividends received or deemed to have been received by the Holder on the Venator Shares, to the extent and under the circumstances described in the Tax Act. See “Taxation of Capital Gains and Capital Losses” below. The cost to the Holder of the Exchangeable Shares and Ancillary Rights received on the exchange will be equal to their respective fair market values at the time of the exchange.

Rollover Transaction

A Holder who is an Eligible Holder and who exchanges Venator Shares for Exchangeable Shares and Ancillary Rights may make a joint election with the Offeror pursuant to subsection 85(1) of the Tax Act (or, in the case of an Eligible Holder that is a partnership, pursuant to subsection 85(2) of the Tax Act) and thereby obtain a full or partial tax-deferred "rollover" for Canadian income tax purposes, depending on the amount specified in that election (the "Elected Amount") and the adjusted cost base to the Holder of such Venator Shares at the time of the Exchange. Provided that the adjusted cost base to the Holder of the Venator Shares equals or exceeds the fair market value of the Ancillary Rights acquired by the Holder on the exchange, the Holder may elect so as not to realize any capital gain for the purposes of the Tax Act on the exchange.

Only Holders who are Eligible Holders may make an election.

In order to make an election, a Holder must provide to the Depositary on behalf of the Offeror, two signed copies of the necessary election on or before 90 days after the Expiry Time, duly completed with the details of the number of Venator Shares transferred and the applicable Elected Amount for the purposes of the election. Subject to the election form complying with the provisions of the Tax Act (and, if applicable, any provincial tax legislation), the form will be returned to the Holder, signed by the Offeror, for filing by the Holder with the CCRA (and, if applicable, provincial tax authority).

The relevant tax election form is CCRA form T2057 (or, if the Holder is a partnership, CCRA form T2058). For Holders required to file in Quebec, Quebec form TP-518V (or, if the Holder is a partnership, Quebec form TP-529V) will also be required. A tax election package, consisting of the relevant tax election forms and a letter of instructions, may be obtained from the Depositary. A Holder interested in making such an election should so indicate on the Letter of Transmittal and Election Form accompanying this Offer and Circular in the space provided therein and a tax election package will be sent to such Holder.

Where Venator Shares are held in joint ownership and two or more of the co-owners wish to elect, one of the co-owners designated for such purpose should file the designation and a copy of CCRA form T2057 (and where applicable, the corresponding Quebec form) for each co-owner along with a list of all co-owners electing, which list should contain the address and social insurance number or tax account number of each co-owner. Where the Venator Shares are held as partnership property, a partner designated by the partnership must file one copy of CCRA form T2058 on behalf of all members of the partnership (and where applicable, the corresponding form in duplicate with the Quebec taxation authorities). Such CCRA form T2058 (and Quebec form, if applicable) must be accompanied by a list containing the name, address, social insurance number or tax account number of each partner as well as the letter signed by each partner authorizing the designated partner to complete and file the form.

In general, where an election is made, the Elected Amount must comply with the following rules:

1. The Elected Amount may not be less than the fair market value of the Ancillary Rights received by the Holder on the exchange.
2. The Elected Amount may not be less than the lesser of the adjusted cost base to the Holder of the Venator Shares, determined immediately before the time of the exchange, and the fair market value of the Venator Shares at that time.
3. The Elected Amount may not exceed the fair market value of the Venator Shares at the time of the exchange.

Where a Holder and the Offeror make a joint election, the tax treatment to the Holder generally will be as follows:

1. The Holder will be deemed to dispose of the Venator Shares for proceeds of disposition equal to the Elected Amount.
2. If such deemed proceeds of disposition are equal to the adjusted cost base to the Holder of the Venator Shares immediately before the exchange, net of any reasonable costs incurred by the Holder in connection with the exchange, the Holder will not realize any capital gain or capital loss on the exchange.
3. If such deemed proceeds of disposition exceed (or are less than) the adjusted cost base to the Holder of the Venator Shares immediately before the exchange, net of any reasonable costs incurred by the Holder in connection with the exchange, the Holder generally will realize a capital gain (or capital loss) equal to the amount of such excess (or shortfall). In

the case of a Holder that is a corporation, or a partnership or trust of which a corporation is a member or beneficiary, the amount of any such capital loss may be reduced by the amount of dividends received or deemed to have been received by the Holder on the Venator Shares, to the extent and under the circumstances described in the Tax Act. See "Taxation of Capital Gains and Capital Losses" below.

4. The cost to the Holder of the Ancillary Rights received on the exchange will be equal to the fair market value thereof at that time, and the cost to the Holder of the Exchangeable Shares received on the exchange will be equal to the amount by which the Elected Amount exceeds the fair market value of the Ancillary Rights received by the Holder on the exchange.

The Offeror will make an election under section 85 of the Tax Act (and the corresponding provisions of any applicable provincial tax legislation) only at the Elected Amount selected by the Holder and subject to the limitations set out in the Tax Act (and any applicable provincial tax legislation). Neither the Offeror nor the Depositary will be responsible for the proper completion or filing of any election, and the Holder will be solely responsible for the proper filing of the election and, if applicable, the payment of any late filing penalty. The Offeror agrees only to execute any properly completed election and to forward such election by mail (within 60 days after the receipt thereof by the Depositary) to the Holder. With the exception of execution of the election by the Offeror, compliance with the requirements for a valid election, including selection of the appropriate Elected Amount, will be the sole responsibility of the Holder making the election. Accordingly, neither the Offeror nor the Depositary will be responsible or liable for taxes, interest, penalties, damages or expenses resulting from the failure by anyone to properly complete any election or to properly file it within the time prescribed and in the form prescribed under the Tax Act (or the corresponding provisions of any applicable provincial legislation).

In order for the CCRA (and, where applicable, the Ministère du Revenu du Québec) to accept a tax election without a late filing penalty being paid by a Holder, the election must be received by such revenue authority on or before the day that is the earliest of the days on or before which either the Offeror or the Holder is required to file an income tax return for the taxation year in which the exchange occurs. The Offeror's taxation year is scheduled to end December 31, 2000. Thus, where the exchange occurs in 2000, the tax election will, in the case of a Holder who is an individual, generally have to be received by the CCRA (and, if applicable, the Ministère du Revenu du Québec) no later than April 30, 2001 (being, generally, the last day for an individual to file an income tax return for the 2000 taxation year). Holders other than individuals are urged to consult their own advisers as soon as possible concerning the deadlines applicable in their own particular circumstances. **However, regardless of such deadline, the tax election forms of a Holder must be received by the Depositary no later than the 90th day after the Expiry Time. Because the Offeror has agreed to execute and return the election to the Holder within 60 days of its receipt by the Depositary, to avoid late filing penalties certain Holders may be required to forward their tax election forms to the Depositary earlier than the 90th day after the Expiry Time.**

Any Holder who does not ensure that the Depositary has received a duly completed election on or before the 90th day after the Expiry Time will not be able to benefit from the rollover provisions of the Tax Act. Accordingly, all Holders who wish to enter into an election with the Offeror should give their immediate attention to this matter. The instructions for requesting a tax election package are set out in the Letter of Transmittal and Election Form. Holders are referred to Information Circular 76-19R3 and Interpretation Bulletin IT-291R2

issued by the CCRA for further information respecting the election. Holders wishing to make the election should consult their own tax advisers. The comments herein with respect to such elections are provided for general assistance only. The law in this area is complex and contains numerous technical requirements.

For these purposes, a Holder will be required to determine the fair market value of the Ancillary Rights received on the exchange on a reasonable basis. The Offeror is of the view, and has advised counsel, that the Ancillary Rights have only nominal value. The tax election forms will be executed by the Offeror on the basis that the fair market value of the Ancillary Rights is a nominal amount per Exchangeable Share issued on the exchange. Such amount will be provided to Holders in the letter of instructions included in the tax election package. Such determinations of value are not binding on the CCRA and counsel can express no opinion on matters of factual determination such as this.

Taxation of Capital Gains and Capital Losses

Generally, two-thirds (three-quarters if the Proposed Amendments are not enacted) of any capital gain (a "taxable capital gain") realized by a Holder in a taxation year must be included in the income of the Holder for the year, and two-thirds (three-quarters if the Proposed Amendments are not enacted) of any capital loss (an "allowable capital loss") realized by a Holder in a taxation year may be deducted from taxable capital gains realized by the Holder in that year. Allowable capital losses for a taxation year in excess of taxable capital gains for that year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

A Holder that throughout the relevant taxation year is a "Canadian-controlled private corporation", as defined in the Tax Act, may be liable to pay an additional refundable tax of 6 % on certain investment income, including taxable capital gains.

Capital gains realized by a Holder who is an individual may give rise to a liability for alternative minimum tax.

Dividends on Exchangeable Shares

In the case of a Holder who is an individual, dividends received or deemed to be received on the Exchangeable Shares will be included in computing the Holder's income and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations.

In the case of a Holder that is a corporation, other than a "specified financial institution" as defined in the Tax Act, dividends received or deemed to be received on the Exchangeable Shares will be included in computing the corporation's income and will normally be deductible in computing its taxable income.

In the case of a Holder that is a specified financial institution, such a dividend will not be deductible in computing its taxable income unless either (i) the specified financial institution did not acquire the Exchangeable Shares in the ordinary course of the business carried on by such institution, or (ii) at the time of the receipt of the dividend by the specified financial institution, the Exchangeable Shares are listed on a prescribed stock exchange in Canada and the specified financial institution, either alone or together with persons with whom it does not deal at arm's length, does not receive (and is not deemed to receive) dividends in respect of more than ten percent of the issued and outstanding Exchangeable Shares. A corporation is a specified financial institution for purposes of the Tax Act if it is a bank, a trust company, a credit union, an insurance corporation, a corporation whose principal business is the lending of money to

persons with whom the corporation is dealing at arm's length or the purchasing of debt obligations issued by such persons or a combination thereof, or a corporation controlled by or related to such entities. Counsel has been advised by PWT and the Offeror that there is no current intention to list the Exchangeable Shares on a prescribed stock exchange in Canada.

A Holder that is a "private corporation" (as defined in the Tax Act) or any other corporation resident in Canada and controlled or deemed to be controlled by or for the benefit of an individual or a related group of individuals may be liable to pay a refundable tax under Part IV of the Tax Act of 33 % on dividends received or deemed to be received on the Exchangeable Shares to the extent that such dividends are deductible in computing the Holder's taxable income.

The Exchangeable Shares will be "taxable preferred shares" and "short-term preferred shares" for purposes of the Tax Act. Dividends received or deemed to be received on the Exchangeable Shares will not be subject to the ten percent tax under Part IV.I of the Tax Act.

Redemption or Exchange of Exchangeable Shares

On the redemption (including a retraction) of an Exchangeable Share by the Offeror, the Holder of the Exchangeable Share will be deemed to receive a dividend equal to the amount, if any, by which the fair market value at that time of the PrimeWest Units received by the Holder from the Offeror on the redemption, plus the amount, if any, of declared and unpaid dividends on the Exchangeable Share paid to the Holder at the time (the "Dividend Amount") (together the "Redemption Proceeds") exceeds the paid-up capital (for purposes of the Tax Act) at that time of the Exchangeable Share. The amount of any such deemed dividend will be subject to the tax treatment described above under "Dividends on Exchangeable Shares". In the case of a Holder that is a corporation, in some circumstances the amount of any such deemed dividend may be treated as proceeds of disposition and not as a dividend.

On the redemption, the Holder will also be considered to have disposed of the Exchangeable Share and related Ancillary Rights for proceeds of disposition equal to the Redemption Proceeds less the amount of such deemed dividend. The Holder generally will realize a capital gain (or capital loss) equal to the amount by which such proceeds of disposition, net of any reasonable costs incurred by the Holder in connection with the redemption, exceed (or are less than) the aggregate adjusted cost base to the Holder of the Exchangeable Share and Ancillary Rights. In the case of a Holder that is a corporation, or a partnership or trust of which a corporation is a member or beneficiary, the amount of any such capital loss may be reduced by the amount of dividends received or deemed to have been received by the Holder on the Exchangeable Shares, to the extent and under the circumstances described in the Tax Act. See "Taxation of Capital Gains and Capital Losses" above.

On the exchange of an Exchangeable Share and related Ancillary Rights by the Holder thereof with PWT or PWE for PrimeWest Units the Holder generally will realize a capital gain (or capital loss) to the extent that the fair market value at that time of the PrimeWest Units received by the Holder on the exchange, plus the Dividend Amount, if any, net of any reasonable costs incurred by the Holder in connection with the exchange, exceed (or are less than) the aggregate adjusted cost base to the holder of the Exchangeable Share and Ancillary Rights. In the case of a Holder that is a corporation, or a partnership or trust of which a corporation is a member or beneficiary, the amount of any such capital loss may be reduced by the amount of dividends received or deemed to have been received by the Holder on the Exchangeable Shares, to the extent and under the circumstances described in the Tax Act. See "Taxation of Capital Gains and Capital Losses" above.

The cost to a Holder of PrimeWest Units received on the retraction, redemption or exchange of an Exchangeable Share will be equal to the fair market value of such PrimeWest Units at that time. This

cost will be averaged with the adjusted cost base of all other PrimeWest Units held by the Holder at that time as capital property to determine the adjusted cost base to the Holder of each PrimeWest Unit.

Ancillary Rights and Call Rights

A Holder will be required to determine the fair market value of the Ancillary Rights and Call Rights on a reasonable basis for purposes of the Tax Act in computing:

- (a) the proceeds of disposition of the Holder's Venator Shares pursuant to the Offer (subject to the effect of an election by the Holder under section 85 of the Tax Act);
- (b) the cost to the Holder of the Exchangeable Shares and Ancillary Rights received by the Holder pursuant to the Offer; and
- (c) the Holder's proceeds of disposition in respect of the grant of the Call Rights by the Holder.

PWT and the Offeror are of the view, and have advised counsel, that the Ancillary Rights and the Call Rights will have only nominal value. If that view is correct, a Holder's receipt or grant of such rights will not result in any material Canadian federal income tax consequences. However, such determinations of value are not binding on the CCRA, and counsel can express no opinion on factual matters such as this.

If the CCRA successfully asserts that the Ancillary Rights have more than nominal value, such greater value must be taken into account in determining the proceeds of disposition of the Holder's Venator Shares, the proceeds of disposition deemed to be received by the Holder in respect of the grant of the Call Rights by the Holder, the Elected Amount in any Joint Election made by the Holder and the adjusted cost base to the Holder of the Exchangeable Shares. If the CCRA successfully asserts that the Call Rights have more than nominal value, the Holder may realize a capital gain in respect of the granting of the Call Rights equal to the amount of such greater value. In such case, in general terms, the fair market value of the Call Rights (other than the portion thereof attributable to the grant of the Ancillary Rights) will be included in computing the adjusted cost base of the Exchangeable Shares to the Holder.

Acquisition of Venator Shares not Deposited under the Offer

As discussed under "Acquisition of Venator Shares not Deposited Under the Offer" at Section 15 of the Circular, the Offeror may, in certain circumstances, acquire Venator Shares not deposited under the Offer pursuant to a Compulsory Acquisition. A Holder whose Venator Shares are acquired by the Offeror pursuant to a Compulsory Acquisition or pursuant to the exercise of dissent rights on such an acquisition generally will realize a capital gain (or capital loss) calculated in the same manner, and subject to the same tax treatment, as described above with respect to a disposition of Venator Shares pursuant to the Offer.

If the Offeror is unable to use a Compulsory Acquisition, the Offeror may propose a Subsequent Acquisition Transaction as described under "Acquisition of Venator Shares not Deposited Under the Offer" at Section 15 of the Circular. The tax consequences of such a transaction to a Holder will depend upon the manner in which the transaction is carried out and may be substantially the same as or materially different from those described above. A Holder may realize a capital gain (or a capital loss) and/or a deemed dividend. **Except with respect to the Subsequent Acquisition Transaction set out below, this opinion does not describe the tax consequences of a Subsequent Acquisition Transaction to a Holder.**

As discussed under "Acquisition of Venator Shares not Deposited Under the Offer" at Section 15 of the Circular, the Offeror will consider an amalgamation of Venator with an affiliate of the Offeror on

the basis that outstanding Venator Shares will be exchanged for redeemable preferred shares of the amalgamated entity which are then forthwith redeemed for PrimeWest Units and/or Exchangeable Shares at the same rate and with the same terms as in the Offer. On such redemption, a Holder will be deemed to receive a dividend equal to the amount by which the value of the redemption proceeds received by the Holder exceeds the paid-up capital (for purposes of the Tax Act) at that time of such preferred shares. The amount of any such deemed dividend will be subject to the tax treatment described above under "Dividends on Exchangeable Shares". In the case of a Holder that is a corporation, in some circumstances the amount of any such deemed dividend may be treated as proceeds of disposition and not as a dividend. On the redemption, the Holder will also be considered to have disposed of the preferred shares for proceeds of disposition equal to the value of the redemption proceeds less the amount of such deemed dividend. The Holder generally will realize a capital gain (or capital loss) equal to the amount by which such proceeds of disposition, net of any reasonable costs incurred by the Holder in connection with the redemption, exceed (or are less than) the adjusted cost base to the Holder of such preferred shares, which adjusted cost base will be equal to the adjusted cost base of the Holder's Venator Shares immediately before the amalgamation. In the case of a Holder that is a corporation, or a partnership or trust of which a corporation is a member or beneficiary, any such capital loss may be reduced by the amount of the dividend deemed to be received by the Holder on the redemption, and by the amount of dividends received or deemed to have been received by the Holder on the Venator Shares, to the extent and under the circumstances described in the Tax Act.

It is understood that, under the current administrative practices of the CCRA, Holders who receive payment for their Venator Shares pursuant to the exercise of their right of dissent from such an amalgamation will be considered to have disposed of their Venator Shares and to have realized a capital gain (or capital loss) equal to the amount by which the amount that is ultimately determined to be payable to the Holder in respect of the Holder's Venator Shares (exclusive of any interest thereon), net of any reasonable costs incurred by the Holder in connection with such disposition, exceeds (or is less than) the adjusted cost base to the Holder of the Venator Shares. Where any interest is paid to the Holder, the Holder must include such interest in computing income under the Tax Act.

Certain Tax Considerations Regarding PrimeWest Units

For the purpose of computing the adjusted cost base to a Holder of PrimeWest Units, the cost of PrimeWest Units acquired by the Holder pursuant to the Offer or as a result of a Subsequent Acquisition Transaction must be averaged with the adjusted cost base to the Holder of all other PrimeWest Units that are capital property to the Holder and that were owned immediately before such acquisition. Holders should refer to "Certain Canadian Federal Income Tax Considerations Regarding PrimeWest Units" at Section 8 of Schedule A to this Circular, which provides a general summary of the principal tax considerations under the Tax Act relating to the ownership and disposition of PrimeWest Units.

Qualification for Deferred Income Plans

Venator Shares

The Venator Shares currently are qualified investments under the Tax Act for registered retirement savings plans, registered retirement income funds, registered education savings plans and deferred profit sharing plans ("Deferred Income Plans"). If the Venator Shares cease to be listed on a prescribed stock exchange in Canada, the Venator Shares may cease to be qualified investments for Deferred Income Plans. Where, at the end of a month, a Deferred Income Plan holds Venator Shares that are not a qualified investment, the Deferred Income Plan must, in respect of that month, pay tax under Part XI.1 of the Tax Act equal to 1% of the fair market value of the Venator Shares at the time such

Venator Shares were acquired by the Deferred Income Plan. In addition, any Holder that is a registered retirement savings plan or registered retirement income fund may be subject to tax on any dividends received on, and any capital gains arising from the disposition of, such Holder's Venator Shares. In addition, a registered education savings plan that holds Venator Shares that are not a qualified investment may be revoked.

PrimeWest Units

The PrimeWest Units are qualified investments under the Tax Act for Deferred Income Plans. In addition, based on representations of PWT and PWE as to certain factual matters, the PrimeWest Units are not foreign property to Deferred Income Plans or other Holders subject to Part XI of the Tax Act.

Exchangeable Shares

PWT and the Offeror have advised counsel that there is no current intention to list the Exchangeable Shares on a prescribed stock exchange in Canada. Accordingly, the Exchangeable Shares may not be qualified investments under the Tax Act for registered retirement savings plans, registered retirement income funds, registered education savings plans and deferred profit sharing plans. If a Holder that is a registered retirement savings plan or registered retirement income fund acquires Exchangeable Shares, and such Exchangeable Shares are not a qualified investment for such plans, the fair market value of such Exchangeable Shares at that time will be included in the income of the person who is the annuitant under the plan. If a Holder that is a deferred profit sharing plan acquires Exchangeable Shares, and such Exchangeable Shares are not a qualified investment for such a plan, the plan will be subject to a special tax equal to the fair market value of such Exchangeable Shares at that time. If a Holder that is a registered education savings plan acquires Exchangeable Shares, and such Exchangeable Shares are not a qualified investment for such a plan, the plan may be revoked.

Ancillary Rights

The Ancillary Rights will not be qualified investments under the Tax Act for Deferred Income Plans. If a Holder that is a registered retirement savings plan or registered retirement income fund acquires Ancillary Rights, the fair market value of such Ancillary Rights at that time will be included in the income of the person who is the annuitant under the plan. If a Holder that is a deferred profit sharing plan acquires Ancillary Rights, the plan will be subject to a special tax equal to the fair market value of such Ancillary Rights at that time. PWT and the Offeror are of the view, and have advised counsel, that the Ancillary Rights will have only nominal value. However, such determinations of value are not binding on the CCRA, and counsel can express no opinion on matters of factual determination such as this. If a Holder that is a registered education savings plan acquires Ancillary Rights, the plan may be revoked even if the Ancillary Rights have only nominal value.

Holders who are Deferred Income Plans and who wish to elect to receive Exchangeable Shares (and Ancillary Rights) should consult their own tax advisors.

17. OTHER MATTERS RELATING TO THE OFFER

Depositary

The Offeror has engaged the Depositary for the receipt of certificates in respect of Venator Shares and related Letters of Transmittal and Notices of Guaranteed Delivery deposited under the Offer and for the payment for Venator Shares purchased by the Offeror pursuant to the Offer. The Depositary will receive reasonable and customary compensation from the Offeror for its services in connection with

the Offer, will be reimbursed for certain out-of-pocket expenses and will be indemnified against certain liabilities and expenses in connection therewith.

Dealer Manager and Soliciting Dealer Group

CIBC World Markets Inc., as dealer manager (the "Dealer Manager"), has agreed to form and act as manager of the soliciting dealer group to be established to solicit acceptances of the Offer in Canada. The soliciting dealer agreement (the "Soliciting Dealer Agreement") between the Offeror and CIBC World Markets Inc. provides for the formation of a soliciting dealer group (the "Soliciting Dealer Group"), comprised of members of the Investment Dealers Association of Canada and members of stock exchanges in Canada, to solicit acceptances of the Offer. Each member of the Soliciting Dealer Group, including the Dealer Manager, is referred to herein as a "Soliciting Dealer". The Soliciting Dealer Agreement provides that each Soliciting Dealer whose name appears in the appropriate space in the Letter of Transmittal accompanying a deposit of Venator Shares (other than in respect of the Locked Venator Shares) shall be entitled to receive a fee of \$0.05 for each Venator Share deposited and taken up by the Offeror under the Offer. The aggregate amount payable to a Soliciting Dealer with respect to any single depositing Venator Shareholder will be subject to a minimum of \$85 and a maximum of \$1,500, subject in the case of the minimum fee to a minimum of 500 Venator Shares being tendered. Where Venator Shares deposited and registered in a single name are beneficially owned by more than one person, the minimum and maximum amounts will be applied separately in respect of each such beneficial owner.

The Offeror has agreed to pay to the Dealer Manager an aggregate fee of up to \$75,000 for forming and managing the Soliciting Dealer Group in respect of the Offer.

Except as set forth above, the Offeror will not pay any fees or commissions to any broker, dealer or other person for soliciting tenders of Venator Shares pursuant to the Offer. Brokers, dealers, commercial banks and trust companies and other nominees will, upon request, be reimbursed by the Offeror for customary clerical and mailing expenses incurred by them in forwarding materials to their customers.

No fee or commission will be payable by any Venator Shareholder who transmits his, her or its Venator Shares directly to the Depository or who makes use of the facilities of a member of the Soliciting Dealer Group to accept the Offer. Venator Shareholders should contact the Dealer Manager, the Depository or a broker or dealer for assistance in accepting the Offer and in depositing Venator Shares with the Depository.

18. EXPENSES OF THE OFFER

The expenses relating to the Offer, including depository, solicitation, printing, legal and other related expenses, are estimated at \$400,000 and will be paid by the Offeror, PWT and PWE from working capital.

19. OFFEREES' STATUTORY RIGHTS

Securities legislation in certain of the provinces and territories of Canada provide Venator Shareholders with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, if there is a misrepresentation in a circular or a notice that is required to be delivered to Venator Shareholders. However, such rights must be exercised within prescribed time limits. Venator Shareholders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult with a lawyer.

CONSENT OF INDEPENDENT AUDITORS

TO: British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Securities Commission
Manitoba Securities Commission
Ontario Securities Commission
Commission des valeurs mobilières du Québec
Office of the Administrator (Securities Act), New Brunswick
Nova Scotia Securities Commission
Registrar of Securities, Prince Edward Island
Registrar of Securities, Newfoundland and Labrador

We consent to the incorporation by reference in the offer and circular dated March 27, 2000 relating to the offer by PrimeWest Resources Ltd. (the "Offeror") to purchase all of the outstanding common shares of Venator Petroleum Company Ltd., of our report dated March 27, 2000 to the unitholders of PrimeWest Energy Trust on the consolidated balance sheets of PrimeWest Energy Trust as at December 31, 1999 and 1998 and the consolidated statements of income and cash available for distribution, unitholders' equity and cash flows for the years ended December 31, 1999 and December 31, 1998.

We also consent to the use in the above-mentioned circular of our compilation report dated March 27, 2000 to the directors of the Offeror, the trustee of PrimeWest Energy Trust and the directors of PrimeWest Energy Inc. on the unaudited pro forma consolidated balance sheet of PrimeWest Energy Trust as at December 31, 1999, and the unaudited pro forma consolidated statement of income and cash available for distribution for the year ended December 31, 1999.

This letter is provided to the securities regulatory authorities to which it is addressed pursuant to the requirements of their securities legislation and not for any other purpose.

Calgary, Canada
Dated: March 27, 2000

(Signed) PRICEWATERHOUSECOOPERS LLP
Chartered Accountants

CONSENT OF COUNSEL

TO: The Directors of PrimeWest Resources Ltd.
AND TO: The Directors of PrimeWest Energy Inc.
AND TO: The Trustee of PrimeWest Energy Trust

We hereby consent to the reference to our opinion contained under "Canadian Federal Income Tax Considerations", "Certain Canadian Federal Tax Considerations Regarding PrimeWest Units" and "Eligibility for Investment" in the Circular accompanying the Offer dated March 27, 2000 made by PrimeWest Resources Ltd. to the holders of common shares of Venator Petroleum Company Ltd.

Dated: March 27, 2000

(Signed) STIKEMAN ELLIOTT

APPROVAL AND CERTIFICATE OF THE OFFEROR

The contents of the Offer and the Circular have been approved and the sending, communication or delivery thereof to the Venator Shareholders has been authorized by the directors of the Offeror. The foregoing, together with the documents incorporated herein by reference (i) contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made; and (ii) does not contain any misrepresentation likely to affect the value or the market price of the Venator Shares which are the subject of the Offer.

DATED: March 27, 2000

PRIMEWEST RESOURCES LTD.

(Signed) KENT J. MACINTYRE
Chief Executive Officer

(Signed) SUSAN M. DUNCAN
Vice President, Finance

On Behalf of the Board of Directors

(Signed) KENT J. MACINTYRE
Director

(Signed) D. HUGH GILLARD
Director

CERTIFICATE OF THE PROMOTERS

The foregoing constitutes full, true and plain disclosure of all material facts relating to the PrimeWest Units as required by the securities laws of all provinces and territories of Canada.

DATED: March 27, 2000

PRIMEWEST ENERGY TRUST
By: **PRIMEWEST ENERGY INC.**

(Signed) **KENT J. MACINTYRE**
Vice-Chairman and
Chief Executive Officer

PRIMEWEST ENERGY INC.

PRIMEWEST MANAGEMENT INC.

(Signed) **KENT J. MACINTYRE**
Vice-Chairman and
Chief Executive Officer

(Signed) **KENT J. MACINTYRE**
Chief Executive Officer

SCHEDULE A

INFORMATION CONCERNING PRIMEWEST ENERGY TRUST

1. DOCUMENTS INCORPORATED BY REFERENCE

The following documents of PWT, filed with the various provincial securities commissions or similar authorities in Canada, are specifically incorporated into and form an integral part of this Circular.

- (a) the Renewal Annual Information Form of PWT dated March 23, 2000, including management's discussion and analysis of financial condition and operating results for the year ended December 31, 1999 incorporated by reference therein;
- (b) the consolidated financial statements of PWT for the year ended December 31, 1999, together with the notes thereto and the report of the auditors thereon;
- (c) the Management Proxy Circular of PWT dated March 23, 2000, relating to the annual general and special meeting of PrimeWest Unitholders to be held on May 25, 2000 (excluding those portions thereof which, pursuant to National Policy No. 47 of the Canadian Securities Administrators, are not required to be incorporated by reference herein); and
- (d) the material change report of PWT dated March 17, 2000 in respect of the Offer.

Any document of the type referred to in the preceding paragraph and any material change reports (excluding confidential material change reports) filed by PWT with the securities commissions or similar authorities in the provinces of Canada subsequent to the date of this Circular and prior to the termination of the Offer shall be deemed to be incorporated by reference into this Circular.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this Circular, to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Circular.

2. BUSINESS OF PWT AND PWE

PWT

PWT is an open-end investment trust created under the laws of Alberta pursuant to the PrimeWest Declaration of Trust. The beneficiaries of PWT are the holders of PrimeWest Units. PWT's principal and head office is located at 1600, 530 - 8th Avenue S.W., Calgary, Alberta T2P 3S8.

The undertaking of PWE is to invest PWT's funds, directly or indirectly, in petroleum and natural gas properties and assets related thereto. The primary asset of PWT is a royalty (the "PrimeWest Royalty") equal to 99% of the net cash flow generated by the petroleum and natural gas interests held by PWE, after certain costs, expenditures and deductions. Each PrimeWest Unit entitles the holder to receive monthly distributions of distributable income. PWT has an obligation (the "Deferred Purchase Price Obligation") to pay to PWE, to the extent of PWT's available funds, up to 99% of the cost of, including any amount borrowed to acquire, any Canadian resource properties (as that term is defined in the Tax Act) acquired by PWE and up to 99% of the cost of, including any amount borrowed to fund, certain designated capital expenditures, as partial consideration for the PrimeWest Royalty. PWT will receive income from PWE pursuant to the PrimeWest Royalty on the additional revenue generated from additional properties acquired by PWE and any designated capital expenditures. PWT also holds a royalty granted by the Offeror similar to the PrimeWest Royalty.

PWE

PWE was incorporated under the *Business Corporations Act* (Alberta) on March 4, 1996. The head, principal and registered office of PWE is located at 1600, 530 - 8th Avenue S.W., Calgary, Alberta T2P 3S8.

PWE's business is the acquisition, development and exploitation of petroleum and natural gas properties and the production and marketing of petroleum and natural gas.

All of the issued and outstanding shares of PWE are held by PWM.

PWM

PWM was incorporated on March 4, 1996 under the *Business Corporations Act* (Alberta). The head, principal and registered office of PWM is located at 1600, 530 - 8th Avenue S.W., Calgary, Alberta T2P 3S8.

PWM provides administrative services to PWT and assists in the management of the business and affairs of PWE and the Offeror, including managing the operation (where PWE or the Offeror has been appointed operator) and administering of the petroleum and natural gas properties owned by PWE or the Offeror.

3. RECENT DEVELOPMENTS

Acquisition of Crossfield Gas Plant Interest

On January 5, 2000, PWE announced that it had completed the purchase of a 34% interest in the Crossfield natural gas processing plant and associated gathering system. That transaction increased PWE's stake in the facilities to 54% and, with PWE as the new operator, improved its capability to reduce related operating costs and increase third-party volumes for processing.

1999 Year-end Operating and Financial Results

On March 17, 2000, PWT announced its 1999 year end and fourth quarter results as well as results of its independent reserves appraisal as at January 1, 2000. Cash flow from operations was \$1.21

per unit in 1999, of which \$1.10 per unit was distributed to PrimeWest Unitholders. After allocation of \$0.03/unit of cash flow for contribution to the reclamation fund, the balance of the surplus cash flow has been used to repay debt. Production for the year was within 2% of 1998 production; however, due to sustained higher commodity prices and lower operating costs, netbacks rose by over 60% from 1998 to \$12.08 per boe. Established Reserves at January 1, 2000 were 48.5 million boe, 8% lower than the prior year due to technical revisions primarily in the probable category. Proved producing reserves as a percentage of Established Reserves rose to 71% from 66% in the previous year. PWE added 2.2 million boe to Proved Reserves in 1999, however due to production of over 4.3 million boe, year end Proved Reserves were 38.8 million boe, down 5% from the prior year.

4. THE PRIMEWEST DECLARATION OF TRUST

The PrimeWest Declaration of Trust, among other things, provides for the calling of meetings of PrimeWest Unitholders, the conduct of business at those meetings, notice provisions, the appointment, resignation and removal of the trustee of PWT and the form of PrimeWest Unit certificates. The PrimeWest Declaration of Trust may be amended from time to time. Substantive amendments to the PrimeWest Declaration of Trust, including extension or early termination of PWT and the sale or transfer of the property of PWT as an entirety or substantially as an entirety, requires approval by special resolution of PrimeWest Unitholders.

The following is a summary of certain provisions of the PrimeWest Declaration of Trust. For a complete description of that document, reference should be made to the PrimeWest Declaration of Trust, copies of which may be viewed at the offices of, or obtained from, the trustee of PWT.

PrimeWest Units

Each PrimeWest Unit entitles the holder to receive monthly distributions of distributable income of PWT. Generally, distributable income equals 99% of the net cash flow generated by the petroleum and natural gas properties owned by PWE and the Offeror, after certain costs and deductions.

An unlimited number of PrimeWest Units may be issued pursuant to the PrimeWest Declaration of Trust. The PrimeWest Units represent equal fractional undivided beneficial interests in PWT. All PrimeWest Units share equally in all distributions by PWT and all PrimeWest Units carry equal voting rights at meetings of PrimeWest Unitholders. No PrimeWest Unitholder will be liable to pay any further calls or assessments in respect of the PrimeWest Units other than any instalment payment arrangements that are applicable to an offering of PrimeWest Units in respect of which the PrimeWest Unitholder acquired his PrimeWest Units.

PrimeWest Unitholders also have the right to require PWT at any time on demand to redeem their PrimeWest Units, subject to a monthly cash limit of total redemptions by PWT of \$100,000.

Trustee

The Trust Company of Bank of Montreal is the trustee of PWT and also acts as the transfer agent for the PrimeWest Units. The trustee is responsible for, among other things (i) accepting subscriptions for PrimeWest Units and issuing PrimeWest Units pursuant thereto; (ii) maintaining the books and records of PWT and providing timely reports to PrimeWest Unitholders; and (iii) paying cash distributions to PrimeWest Unitholders.

The PrimeWest Declaration of Trust provides that the trustee of PWT is to exercise its powers and carry out its functions thereunder as trustee honestly, in good faith and in the best interests of PWT

and PrimeWest Unitholders and, in connection therewith, must exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

The term of the trustee's appointment ends at the conclusion of the sixth annual meeting of PrimeWest Unitholders, expected to be held in 2002. Thereafter, the trustee of PWT will be re-appointed or changed every third annual meeting as may be determined by a majority of the votes cast at a meeting of PrimeWest Unitholders. The trustee of PWT may also be removed by a majority vote of PrimeWest Unitholders under the circumstances described in the PrimeWest Declaration of Trust. The trustee of PWT may resign on 60 days notice to PWE. That resignation or removal becomes effective on the appointment of a successor trustee and the acceptance of that appointment and the assumption of the obligations of the trustee of PWT by that successor trustee.

Cash Distributions of Distributable Income

Cash distributions of distributable income of PWT are made on a monthly basis, on the 15th day of the month following the end of each month in respect of which such income is to be distributed, to PrimeWest Unitholders of record on the last business day of that month. See "Record of Cash Distributions" at Section 7 of this Schedule A.

Meetings and Voting

Annual meetings of PrimeWest Unitholders commenced in 1997. Special meetings of such holders may be called at any time by the trustee of PWT and will be called by the trustee on the written request of such holders holding an aggregate of not less than 20% of the PrimeWest Units. Notice of all meetings of PrimeWest Unitholders will be given to such holders at least 21 days, and not more than 50 days, prior to the meeting.

PrimeWest Unitholders may attend and vote at all meetings of such holders either in person or by proxy. A proxy holder need not be a holder of PrimeWest Units. At least two persons present in person or represented by proxy and representing in the aggregate not less than five percent of the votes attaching to all outstanding PrimeWest Units constitute a quorum for the transaction of business at all those meetings.

PrimeWest Unitholders are entitled to one vote per PrimeWest Unit at all meetings of such holders.

Limitation on Non-Resident Ownership

In order for PWT to maintain its status as a mutual fund trust under the Tax Act, PWT must not be established or maintained primarily for the benefit of non-residents of Canada ("non-residents") within the meaning of the Tax Act. Accordingly, the PrimeWest Declaration of Trust provides that at no time may non-residents be the beneficial owners of a majority of PrimeWest Units. If the trustee of PWT becomes aware that the beneficial owners of 49% of the PrimeWest Units then outstanding are or may be non-residents or that situation is imminent, the trustee may make a public announcement in that regard and will not accept a subscription for PrimeWest Units from or issue or register a transfer of PrimeWest Units to a person unless the person provides a declaration that the person is not a non-resident. Notwithstanding the foregoing, if the trustee of PWT determines that a majority of PrimeWest Units are beneficially held by non-residents, the trustee may send a notice to non-resident PrimeWest Unitholders, chosen in inverse order to the order of acquisition or registration or in such other manner as the trustee may consider equitable and practicable, requiring those non-resident holders to sell their PrimeWest Units or part of them within a specified period of not less than 60 days. If the non-resident PrimeWest Unitholders receiving that notice have not sold the specified number of PrimeWest Units or provided the trustee of

PWT with satisfactory evidence that they are not non-residents within that period, the trustee may, on behalf of those holders, sell those PrimeWest Units and, in the interim, will suspend the voting and distribution rights attached to those PrimeWest Units. When that sale by the trustee of PrimeWest occurs, the affected PrimeWest Unitholders will cease to be PrimeWest Unitholders and their rights will be limited to receiving the net proceeds of sale on surrender of the certificates representing those PrimeWest Units.

Compulsory Acquisition

The PrimeWest Declaration of Trust provides that if a person, within either 120 days of making an offer to purchase all outstanding PrimeWest Units or the time for acceptance provided in that offer (provided that such offer is open for acceptance for a period of not less than 45 days), whichever period is shorter, acquires not less than 90% of the outstanding PrimeWest Units (other than those held by that person and its affiliates), that person may acquire the PrimeWest Units of the holders thereof who did not accept the offer on the same terms as those offered to those holders who accepted the offer.

Termination of PWT

PrimeWest Unitholders may vote to terminate PWT at any meeting of PrimeWest Unitholders, provided that the termination must be approved by special resolution of such holders.

Unless PWT is terminated or extended by an earlier vote of PrimeWest Unitholders, the trustee of PWT will commence to wind-up the affairs of PWT on December 31, 2095. In the event that PWT is wound-up, the trustee of PWT will liquidate all the assets of PWT, pay, retire, discharge or make provisions for some or all obligations of PWT and then distribute the remaining proceeds of the liquidation to PrimeWest Unitholders.

5. UNITHOLDER RIGHTS PLAN

On March 31, 1999, PWT announced that it had adopted a unitholder rights plan (the "Rights Plan"). The Rights Plan was approved by PrimeWest Unitholders at the annual general and special meeting of the PrimeWest Unitholders held on May 18, 1999.

Under the terms of the Rights Plan, a prospective bidder would be encouraged to negotiate the terms of a bid with the board of directors of PWE (the "PrimeWest Board"), or to make a "permitted bid", not requiring the approval of the PrimeWest Board but having terms and conditions designed to provide the PrimeWest Board with sufficient time to properly evaluate a take-over bid and its effects, and to seek alternative bidders or explore other ways of maximizing PrimeWest Unitholder value in the event of an unsolicited take-over bid.

If a person acquires more than 20% of the PrimeWest Units other than by way of a permitted bid, other PrimeWest Unitholders may, at the discretion of the PrimeWest Board, acquire a number of PrimeWest Units at 50% of the then prevailing market price, so as to cause significant dilution to the acquiring person.

The Rights Plan provides that a permitted bid is a take-over bid meeting the following requirements:

- (a) the bid must be made to all PrimeWest Unitholders;
- (b) the bid must be open for a minimum of 45 days following the date of the bid, and no PrimeWest Units may be taken up prior to such time;

- (c) take-up and payment for PrimeWest Units may not occur unless the bid is accepted by PrimeWest Unitholders holding more than 50% of the outstanding PrimeWest Units, excluding PrimeWest Units held by the bidder and its associates;
- (d) PrimeWest Units may be deposited to or withdrawn from the bid at any time prior to the take-up date; and
- (e) if the bid is accepted by PrimeWest Unitholders holding the requisite percentage of PrimeWest Units, the bidder must extend the bid for an additional ten business days to permit other PrimeWest Unitholders to tender into the bid, should they so wish.

The Rights Plan expires on the date of PWT's annual meeting in 2002.

6. PRICE RANGE AND TRADING VOLUME OF PRIMEWEST UNITS

The outstanding PrimeWest Units are traded on the TSE under the trading symbol "PWI.UN". The following table sets forth the price range and trading volume of PrimeWest Units as reported by the TSE for the periods indicated:

Period	High	Low	Volume
1999			
First Quarter.....	\$6.05	\$4.75	3,756,336
Second Quarter.....	7.05	5.75	2,370,674
Third Quarter.....	7.70	6.65	3,221,077
Fourth Quarter.....	7.10	6.15	3,242,950
2000			
January.....	7.40	6.90	2,433,028
February.....	7.10	6.50	801,901
March (1 to 24).....	6.90	6.35	1,183,394

The closing price of the PrimeWest Units on the TSE on March 14, 2000, the last trading day prior to the announcement of the Offer, was \$6.60. The closing price of the PrimeWest Units on March 24, 2000 was \$6.45.

7. RECORD OF CASH DISTRIBUTIONS

The following sets forth the per PrimeWest Unit amount of monthly cash distributions paid by the Offeror since January 1999.

1999(1)	
January.....	0.06
February.....	0.06
March.....	0.06
April.....	0.07
May.....	0.09
June.....	0.10
July.....	0.07
August.....	0.14
September.....	0.10
October.....	0.10
November.....	0.15
December.....	0.10

Total	<u>\$1.10</u>
2000	
January	0.10
February	0.10
March	<u>0.10(2)</u>
Total	<u>\$0.30</u>

Notes:

- (1) PrimeWest Unitholders are paid a monthly predetermined amount per PrimeWest Unit, and the excess of distributable income over such amount, if any, is calculated and paid to PrimeWest Unitholders on a periodic basis as received from PWE pursuant to the PrimeWest Royalty.
- (2) To be paid on April 15, 2000 to PrimeWest Unitholders of record on March 31, 2000.

PWT seeks to provide a stable stream of cash distributions, subject to fluctuations in the quantity of petroleum and natural gas substances produced, prices received for that production, hedging contract receipts and payments, taxes, management fees, direct expenses of PWT, reclamation fund contributions, capital expenditures, operating costs, debt service charges and general and administrative expenses as determined necessary by the PWM on behalf of PWT. PWT receives monthly income pursuant to the PrimeWest Royalty in an amount determined by the directors of PWE and distributes this income to PrimeWest Unitholders monthly. Currently, PWT distributes \$0.10 per PrimeWest Unit per month to PrimeWest Unitholders. Periodically, PWT may receive additional income pursuant to the PrimeWest Royalty and such amount may be distributed to PrimeWest Unitholders at that time.

8. CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS REGARDING PRIMEWEST UNITS

In the opinion of Stikeman Elliott, counsel to PWT, the following summary describes the principal Canadian federal income tax considerations pursuant to the Tax Act and the regulations thereunder (the "Regulations") generally applicable to a PrimeWest Unitholder (a "Unitholder") who, for purposes of the Tax Act, is resident in Canada, holds the PrimeWest Units as capital property and deals at arm's length with PWT. Generally, the PrimeWest Units will be considered to be capital property to a Unitholder provided the Unitholder does not hold the PrimeWest Units in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain Unitholders who might not otherwise be considered to hold their PrimeWest Units as capital property may, in certain circumstances, be entitled to have them treated as capital property by making the election permitted by subsection 39(4) of the Tax Act. This summary is not applicable to (i) a Unitholder that is a "financial institution", as defined in the Tax Act for purposes of the mark-to-market rules, (ii) a Unitholder, an interest in which would be a "tax shelter investment" as defined in the Tax Act, or (iii) a Unitholder that is a "specified financial institution" as defined in the Tax Act.

This summary is based upon the provisions of the Tax Act, the Regulations and the *Alberta Corporate Tax Act* (the "Alberta Act") in force as of the date hereof, all specific proposals to amend the Tax Act and the Alberta Act that have been publicly announced prior to the date hereof (the "Proposed Amendments") and counsel's understanding of the current published administrative practices of the Canada Customs and Revenue Agency.

This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account any changes in the law, whether by legislative, governmental or judicial action, nor does it take into account provincial (except for certain

provisions of the Alberta Act relating to the Alberta royalty tax credit), territorial or foreign tax considerations, which may differ significantly from those discussed herein.

This summary does not apply to holders of PrimeWest Units who, for the purposes of the Tax Act, are not resident in Canada.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Unitholder or prospective Unitholder, and no representations with respect to the income tax consequences to any Unitholder or prospective Unitholder are made. Consequently, Unitholders and prospective Unitholders should consult their own tax advisors for advice with respect to the tax consequences to them of acquiring PrimeWest Units pursuant to the Offer or any Subsequent Acquisition Transaction, having regard to their particular circumstances.

PWT presently qualifies as a "mutual fund trust" as defined in the Tax Act, and this summary assumes that PWT will so qualify on the date of the completion of the Offer and continuously thereafter at all relevant times. In order to so qualify, there must be at least 150 Unitholders, each of whom owns not less than one "block" of PrimeWest Units having a fair market value of not less than \$500. A "block" of PrimeWest Units means 100 PrimeWest Units, if the fair market value of one PrimeWest Unit is less than \$25. In order to qualify as a mutual fund trust, PWT cannot at any time reasonably be considered to have been established or to be maintained primarily for the benefit of non-resident persons and the undertaking of PWT must be restricted to the investing of its funds in property (other than real property or an interest in real property), the acquiring, holding, maintaining, improving, leasing or managing of any real property (or an interest in real property) that is capital property of PWT, or any combination of these activities. It is intended that PWT will qualify as a mutual fund trust at all relevant times. In the event that PWT were not to qualify as a mutual fund trust, the income tax considerations would in some respects be materially different from those described below.

If PWT ceases to qualify as a mutual fund trust, the PrimeWest Units will cease to be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans (collectively, "Deferred Income Plans"). Where, at the end of a month, a Deferred Income Plan holds PrimeWest Units that are not qualified investments, the Deferred Income Plan must, in respect of that month, pay a tax under Part XI. 1 of the Tax Act equal to 1% of the fair market value of the PrimeWest Units at the time such PrimeWest Units were acquired by the Deferred Income Plan. In addition, where a trust governed by a registered retirement savings plan or registered retirement income fund holds PrimeWest Units that are not qualified investments, the trust will be taxable on income attributable to, and any capital gain from the disposition of, the PrimeWest Units while they are not qualified investments. In addition, where a registered education savings plan acquires or owns a non-qualified investment, the plan's registration may be revoked. Additionally, if PWT ceases to qualify as a mutual fund trust, PWT will be required to pay a tax under Part XII.2 of the Tax Act. The payment of Part XII.2 tax by PWT may have adverse income tax consequences for certain Unitholders, including Deferred Income Plans that acquire an interest in PrimeWest Units directly or indirectly from another Unitholder.

Taxation of PWT

PWT is subject to taxation in each taxation year on its income or loss for the year as though it were a separate individual. The taxation year of PWT is the calendar year.

PWT is required to include in its income for each taxation year all amounts that it receives in respect of the PrimeWest Royalty, including any amounts subject to set-off in respect of any Crown charges reimbursed by it to PWE in that year. PWT is also required to include in its income for each taxation year all interest that accrues to it to the end of the year, or becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year.

In computing its income, PWT may deduct reasonable administrative, interest and other expenses incurred to earn income. PWT may also deduct, in computing its income for a year, an amount not exceeding 10% of any positive balance of its cumulative Canadian oil and gas property expense ("COGPE") account at the end of that year. The cost of acquiring the PrimeWest Royalty has been added to PWT's cumulative COGPE account and an amount that PWT is required, pursuant to the Deferred Purchase Price Obligation, to pay in a year in respect of additional Canadian resource properties acquired by PWE will be added to the cumulative COGPE account of PWT. An amount that becomes receivable by PWT in a year as a result of a sale of a property by PWE and the release of the PrimeWest Royalty relating to that property, will be required to be deducted in computing PWT's cumulative COGPE account. If the balance of the cumulative COGPE of PWT at the end of a particular taxation year after all additions and deductions for that year have been made would otherwise be a negative amount, the negative amount will be included in PWT's income for the year.

In accordance with the Regulations, PWT may deduct in computing its income for a year a resource allowance equal to 25% of its "adjusted resource profits". Generally, PWT's adjusted resource profits will equal its income from the PrimeWest Royalty less amounts deducted in computing its income other than deductions in respect of its cumulative COGPE, interest expense or any amount deducted in respect of distributions to Unitholders, as described below. PWT may not deduct Crown charges reimbursed by it to PWE in the year.

PWT may deduct amounts which become payable by it to Unitholders in the year, to the extent that PWT has net income for the year after the inclusions and deductions outlined above. An amount will be considered to have become payable to a Unitholder in a taxation year only if it is paid in the year by PWT or the Unitholder is entitled in that year to enforce payment of the amount. The terms of the PrimeWest Declaration of Trust generally provide that all income of PWT for a taxation year (excluding capital gains which maybe realized by PWT upon a distribution in specie of the property of PWT in connection with a redemption of PrimeWest Units) net of PWT's expenses will be paid or made payable to Unitholders in the year. Therefore, as a result of such deduction from income and PWT's entitlement to a Capital Gains Refund (see "Retraction/Redemption of PrimeWest Units", below) it is generally anticipated that PWT will not have any taxable income for the purposes of the Tax Act. In certain circumstances, Unitholders may receive additional PrimeWest Units instead of cash where the income of PWT exceeds its aggregate cash flow net of principal debt repayments by PWT. The excess, if any, of reimbursed Crown charges over the resource allowance deductible by PWT in the year is deemed to be an amount that has become payable to the Unitholders, to the extent designated by PWT. PWT has designated and will continue to designate the full amount of any such excess annually in respect of the Unitholders. In order to utilize losses from prior taxation years, PWT may claim as a deduction an amount that is less than the amount of its income that is paid or payable to Unitholders in the year if it designates such amount not to have been paid or become payable to the Unitholders.

PWT is entitled to claim an Alberta royalty tax credit (the "ARTC") in respect of eligible Alberta Crown royalties, within certain limits. The ARTC is based on a price-sensitive formula linked to crude oil prices. Eligible Alberta Crown royalties exclude royalties in respect of "restricted resource properties". Under the Proposed Amendments, PWT will not be entitled to claim ARTC after December 31, 2000.

Taxation of Unitholders

A Unitholder will generally be required to include in computing income for a particular taxation year of the Unitholder that portion of the net income of PWT for a taxation year that is paid or becomes payable to the Unitholder in that particular taxation year, whether or not the amount was actually paid to the Unitholder in that year. An amount will be considered to have become payable to a Unitholder in a taxation year if the Unitholder is entitled in the year to enforce payment of the amount. For the purposes of the Tax Act, income of a Unitholder from the PrimeWest Units will be considered to be income from property and not resource income. Any deduction or loss of PWT for purposes of the Tax Act cannot be allocated to, or treated as a deduction or loss of, a Unitholder. PWT will provide Unitholders with the relevant information required for completion of their Canadian income tax returns at the relevant time.

The cost to a Unitholder of PrimeWest Units acquired pursuant to the Offer will generally equal the fair market value thereof at the time of such acquisition. This cost will be averaged with the adjusted cost base of all other PrimeWest Units held by the Unitholder at that time as capital property to determine the adjusted cost base to the Unitholder of each PrimeWest Unit.

The Proposed Amendments provide, in respect of amounts that become payable after 1999, other than on a redemption of PrimeWest Units, that there will be a reduction of the adjusted cost base to Unitholders of the PrimeWest Units (and not a disposition of the PrimeWest Units) where PWT distributes an amount to Unitholders in excess of the income of PWT and the non-taxable portion of capital gains made payable to Unitholders in a year. The non-taxable portion of capital gains realized by PWT that is paid or made payable to a Unitholder in a year will not be included in computing the Unitholder's income for the year and will not reduce the adjusted cost base to the Unitholder of the PrimeWest Units. To the extent that the adjusted cost base of PrimeWest Units would otherwise be less than zero, the negative amount will be treated as a capital gain from the disposition of PrimeWest Units.

Upon the disposition or deemed disposition by a Unitholder of a PrimeWest Unit, whether on a redemption or otherwise, the Unitholder will generally realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition exceed (or are less than) the aggregate of the Unitholder's adjusted cost base of the PrimeWest Unit and any reasonable costs associated with the disposition.

Generally, two-thirds (three-quarters if the Proposed Amendments are not enacted) of any capital gain realized by a Unitholder will be included in the Unitholder's income under the Tax Act for the year of disposition as a taxable capital gain. Subject to certain specific rules in the Tax Act, two-thirds (three-quarters if the Proposed Amendments are not enacted) of any capital loss realized on the disposition of a PrimeWest Unit may be deducted against any taxable capital gains realized by the Unitholder in the year of disposition, in the three preceding taxation years or in any subsequent taxation year.

Taxable capital gains realized by a Unitholder that is an individual may give rise to alternative minimum tax depending on the Unitholder's circumstances.

Retraction/Redemption of Trust Units

Where PWT distributes property of PWT to a Unitholder on a redemption of PrimeWest Units, the Trust will be deemed to receive proceeds of disposition equal to the fair market value of such property at that time (the "Deemed Proceeds"), and such distribution may give rise to a capital gain or income to PWT. PWT will be entitled for each taxation year to reduce (or receive a refund in respect of) its liability, if any, for tax on its net taxable capital gains by an amount determined under the Tax Act based on the redemption or retraction of PrimeWest Units during the year (the "Capital Gains Refund"). The Capital Gains Refund in a particular year may not completely offset PWT's tax liability for such taxation year

which may arise upon distributions of property in connection with the redemption of PrimeWest Units. The Declaration of Trust accordingly provides that income of PWT which is required to satisfy any tax liability on the part of PWT shall not be payable to Unitholders.

Where PWT distributes property of PWT, other than the PrimeWest Royalty, to a Unitholder on a redemption of PrimeWest Units, the Proposed Amendments will deem the Unitholder to have disposed of its PrimeWest Units for proceeds of disposition equal to the Deemed Proceeds (other than the portion, if any, of the Deemed Proceeds that is considered to be a payment to the Unitholder out of the income or capital gains of PWT for the year) less the amount, if any, by which the income or capital gain realized by PWT on such distribution exceeds the portion, if any, of such income or capital gain that is considered to be a payment to the Unitholder out of the income or capital gains of PWT for the year. Where the property that is distributed to the Unitholder is the PrimeWest Royalty, the Unitholder will be deemed to have disposed of its PrimeWest Units for proceeds of disposition equal to the Deemed Proceeds.

The cost to a Unitholder of any property distributed to a Unitholder by PWT will be deemed under the Proposed Amendments to be equal to the Deemed Proceeds.

Deferred Income Plans

The PrimeWest Units will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans ("Deferred Income Plans"). A Deferred Income Plan will generally not be liable for tax in respect of any distributions received from PWT or any capital gain realized on the disposition of any PrimeWest Units. The Trustee has advised counsel that the cost amount of foreign property of PWT, if any, will be less than the applicable percentage from time to time under the Tax Act of the cost amount of all property of PWT and, accordingly, the PrimeWest Units will not constitute foreign property for Deferred Income Plans, registered pension plans or other persons subject to tax under Part XI of the Tax Act.

9. ELIGIBILITY FOR INVESTMENT

In the opinion of Stikeman Elliott, counsel to PWT, based on legislation in effect on the date of the Offer, the PrimeWest Units issuable pursuant to the Offer will not be precluded as investments, in each case subject to general investment standards and the satisfaction of additional requirements relating to investment or lending policies, standards, procedures, or goals, under or by the following statutes and where applicable, the relevant regulations:

Cooperative Credit Associations Act (Canada)
Insurance Companies Act (Canada)
Pension Benefits Standards Act, 1985 (Canada)
Trust and Loan Companies Act (Canada)
Employment Pension Plans Act (Alberta)
Loan and Trust Corporations Act (Alberta)
Financial Institutions Act (British Columbia)
The Insurance Act (Manitoba)

The Pension Benefits Act (Manitoba)
The Trustee Act (Manitoba)
Pension Benefits Act (Ontario)
An Act respecting insurance (Quebec)
Supplemental Pension Plans Act (Quebec)
An Act respecting Trust Companies and Savings Companies (Quebec)

10. LEGAL MATTERS

Certain legal matters in connection with the Offer will be passed upon on behalf of PWT and the Offeror by Stikeman Elliott, Calgary, Alberta. The partners and associates of Stikeman Elliott, as a group, own, directly or indirectly, less than 1% of the outstanding PrimeWest Units.

11. AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of PWT are PricewaterhouseCoopers LLP, Chartered Accountants, 1200, 425 – 1st Street S.W., Calgary, Alberta T2P 3V7.

The transfer agent and registrar for the PrimeWest Units is The Trust Company of Bank of Montreal at its principal offices in Toronto and Calgary.

SCHEDULE B

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

COMPILATION REPORT

TO: The Trustee of PrimeWest Energy Trust
AND TO: The Directors of PrimeWest Energy Inc.
AND TO: The Directors of PrimeWest Resources Ltd.

We have reviewed, as to compilation only, the accompanying unaudited pro forma consolidated balance sheet of PrimeWest Energy Trust (the "Trust") as at December 31, 1999 and the unaudited pro forma consolidated statement of income and cash available for distribution for the year ended December 31, 1999, which have been prepared for inclusion in the offer and circular dated March 27, 2000 relating to the offer by the Offeror to purchase all of the outstanding common shares of Venator Petroleum Company Ltd. In our opinion, the unaudited pro forma consolidated balance sheet and unaudited pro forma consolidated statement of income and cash available for distribution have been properly compiled to give effect to the proposed transactions and the assumptions described in the accompanying notes thereto.

Calgary, Canada
Dated: March 27, 2000

(signed) PRICEWATERHOUSECOOPERS LLP
Chartered Accountants

PRIMEWEST ENERGY TRUST
PRO FORMA CONSOLIDATED BALANCE SHEET
As at December 31, 1999

	<u>PrimeWest</u>	<u>Venator</u>	<u>Adjustments</u>	<u>Pro Forma</u>
			(amounts are in thousands)	
			(Unaudited)	
Assets				
Current Assets				
Cash and Short-Term Investments.....	\$ 5,678	\$ ----	\$	\$ 5,678
Accounts Receivable.....	21,811	1,829		23,640
Prepaid Expenses and Inventory.....	2,452	----		2,452
Cash Reserved for Site Restoration and Reclamation	1,060	----		1,060
Capital Assets.....	289,209	14,960	18,096	322,265
	<u>\$ 320,210</u>	<u>\$ 16,789</u>	<u>\$ 18,096</u>	<u>\$ 355,095</u>
Liabilities and Unitholders' Equity				
Current Liabilities				
Accounts Payable and Accrued Liabilities.....	\$ 20,537	\$ 2,593	\$ 835	\$ 23,965
Accrued Distributions to Unitholders	3,555	----		3,555
Long-Term Debt	92,179	2,187		94,366
Site Restoration and Reclamation Provision	3,899	242		4,141
Deferred Income Taxes	----	2,575	(2,575)	----
Unitholders' Equity	200,040	9,192	19,836	229,068
	<u>\$ 320,210</u>	<u>\$ 16,789</u>	<u>\$ 18,096</u>	<u>\$ 355,095</u>

PRIMEWEST ENERGY TRUST
PRO FORMA CONSOLIDATED STATEMENT OF INCOME AND
CASH AVAILABLE FOR DISTRIBUTION

For the year ended December 31, 1999

	<u>PrimeWest</u>	<u>Venator</u>	<u>Adjustments</u>	<u>Pro Forma</u>
	(amounts are in thousands except per unit amounts)			
	(Unaudited)			
Revenues				
Sales of Oil, Natural Gas and Natural Gas Liquids	\$ 98,247	\$ 7,372	\$	\$ 105,619
Crown and Other Royalties	(17,182)	(327)		(17,509)
Other Income	1,998	30		2,028
	83,063	7,075		90,138
Expenses				
Operating	28,609	1,360		29,969
General and Administrative	5,908	842		6,750
Attempted Takeover Costs.....	1,145	--		1,145
Management Fees	1,832	--	150	1,982
Interest	4,885	153		5,038
Depletion, Depreciation and Amortization	34,699	1,832	1,948	38,479
	77,078	4,187	2,098	83,363
Net Income before Income Taxes	5,985	2,888	(2,098)	6,775
Income Taxes				
Current.....	--	321	(321)	--
Deferred.....	--	689	(689)	--
Net Income for the Year.....	5,985	1,878	(1,088)	6,775
Add Back (Deduct) Amounts to Reconcile to Cash Available for Distribution				
Depletion, Depreciation and Amortization	34,699		3,780	38,479
Debt Repayment from Cash Flow	(2,485)			(2,485)
Reclamation Fund Contributions.....	(868)		(65)	(933)
Attempted Takeover Costs funded by Debt.....	1,145			1,145
Investment Income Used to Reduce Debt.....	(1,780)			(1,780)
Non-Cash Management Fee	446			446
Non-Cash General and Administrative	586			586
Cash Available for Distribution	37,728	1,878	2,627	42,233
Cash Available for Distribution to Trust Unitholders.....	37,351	1,859	2,601	41,811
Cash Available for Distribution per Trust Unit	1.10			1.09
Weighted Average Units Outstanding.....	33,965		4,398	38,363

PRIMEWEST ENERGY TRUST

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended December 31, 1999

(Unaudited)

1. Basis of presentation

On March 27, 2000, PrimeWest Resources Ltd. (the "Offeror") made an offer to the shareholders of Venator Petroleum Company Ltd. ("Venator") whereby the Offeror will acquire all of the issued and outstanding shares of Venator subject to an Offer to Purchase (the "Offer").

The accompanying unaudited pro forma consolidated financial statements ("pro forma statements") have been prepared from information derived from the published audited consolidated financial statements of PrimeWest Energy Trust and of Venator as at and for the year ended December 31, 1999.

In the opinion of management of PrimeWest Energy Trust, these pro forma statements include all material adjustments necessary for fair presentation in accordance with generally accepted accounting principles in Canada. The pro forma consolidated balance sheet gives effect to the transactions described in note 2 as if they occurred on the balance sheet date while the pro forma consolidated statement of income and cash available for distribution gives effect to those transactions as if they had occurred at the beginning of the year.

These pro forma statements may not be indicative either of the results that actually would have occurred if the events reflected herein had taken place on the dates indicated or of the results which may be obtained in the future, including operational and administrative efficiencies that would occur from the combination of the two companies.

The pro forma statements should be read in conjunction with the published financial statements of PrimeWest Energy Trust, which are incorporated by reference in the Offer and accompanying takeover bid circular, and the published financial statements of Venator Petroleum Company Ltd.

2. Pro forma assumptions and adjustments

The accounting policies used in preparation of the pro forma statements are in accordance with those used in the preparation of the statements of PrimeWest Energy Trust and Venator for the year ended December 31, 1999.

The pro forma consolidated balance sheet and statement of income and cash available for distribution give effect to the following assumptions and adjustments:

- 2.1 Under the terms of the Offer, the Offeror is offering to purchase all of the outstanding shares of Venator by issuing 4,398,100 trust units of PrimeWest Energy Trust or 4,398,100 shares of the Offeror that are exchangeable for trust units of PrimeWest Energy Trust on a one-for-one basis ("Exchangeable Shares"), or a combination thereof, based on an exchange rate of 0.657 PrimeWest trust units or Exchangeable Shares for each Venator share. For purposes of the pro forma financial statements, PrimeWest trust units to be issued have been ascribed a value of \$6.60 per trust unit, which is the closing price of those trust units on the last trading day preceding the announcement of the take-over bid, resulting in an aggregate consideration of \$29,027,460. The pro forma statements contained herein reflect the transaction as if all Venator shares are tendered under the Offer and that all of the Venator shareholders elected to receive PrimeWest trust units for their Venator shares.
- 2.2 The transaction will be accounted for using the purchase method. The following table shows the assumptions made with respect to the allocation of the aggregate purchase price to net assets and the adjustments necessary to their historical cost carrying value at December 31, 1999:

	December 31, 1999
	<u>('000s)</u>
Fair value of PrimeWest units issued.....	29,028
Related fees and expenses	<u>835</u>
Cost of acquisition	29,863
Book value of net assets acquired.....	11,767

Purchase price discrepancy (1).....	<u>18,096</u>
-------------------------------------	---------------

Note:

(1) Allocated to oil and gas assets.

PRIMEWEST ENERGY TRUST

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

As at and for the year ended December 31, 1999

(Unaudited)

- 2.3 (a) This issuance of PrimeWest trust units is calculated based upon Venator's outstanding shares as at December 31, 1999. It is assumed that all of the outstanding options under Venator's stock option plan will be exercised prior to the completion of the Offer.
- (b) Depreciation, depletion and amortization has been adjusted to reflect the pro forma value of capital assets as if the acquisition had occurred at the beginning of the year.
- (c) Pro forma per trust unit calculations give effect to the issuance of the additional trust units of PrimeWest Energy Trust for the acquisition of Venator as if the trust units had been issued at the beginning of the year.
- (d) Cash management fees and contribution to the reclamation fund have been calculated assuming the acquisition of Venator had been completed at the beginning of the year.
- (e) The provision for income taxes (both current and deferred) has been eliminated on the assumption that such taxes would have been allocated to unitholders.

**The Depository for the Offer is Montreal Trust Company of Canada
By Mail or Facsimile Transmission**

Stock Transfer Services
600, 530 - 8th Avenue S.W.
Calgary, Alberta
T2P 3S8
Tel: (403) 267-6555
Fax: (403) 266-1490
Inquiries, Toll Free: 1-888-267-6555

By Hand, Courier or Facsimile Transmission

Calgary

Stock Transfer Services
600, 530 - 8th Avenue S.W.
Calgary, Alberta
T2P 3S8
Tel: (403) 267-6555
Fax: (403) 266-1490

Toronto

Stock Transfer Services
151 Front Street West, 8th Floor
Toronto, Ontario
M5J 2N1
Tel: (416) 981-9596
Fax: (416) 981-9600

Offices of the Dealer Manager

CIBC World Markets Inc.
11th Floor, Bankers Hall
855 - 2nd Street S.W.
Calgary, Alberta
T2P 4J7
Tel: (403) 260-0500

CIBC World Markets Inc.
161 Bay Street, 6th Floor
P.O. Box 500
Toronto, Ontario
M5J 2S8
Tel: (416) 594-7000