

PRIMEWEST ENERGY TRUST
1600, 530 - 8th AVENUE S.W.
CALGARY, ALBERTA
T2P 3S8

MANAGEMENT PROXY CIRCULAR

GENERAL PROXY INFORMATION

Solicitation of Proxy

This Management Proxy Circular is furnished in connection with the solicitation of proxies on behalf of The Trust Company of Bank of Montreal (the "Trustee") by PrimeWest Management Inc. (the "Manager"), the manager of PrimeWest Energy Inc. ("PrimeWest") and PrimeWest Energy Trust (the "Trust") pursuant to the terms of the Management Agreement dated October 16, 1996 (as amended), for use at the Annual General and Special Meeting (the "Meeting") of the holders (the "Unitholders") of trust units ("Trust Units") of the Trust to be held at the time and place and for the purposes set forth in the Notice of Annual General and Special Meeting of Unitholders. The Manager will be reimbursed by the Trust for costs of solicitation. In addition to the use of mail, proxies may be solicited by personal interviews, telephone, or facsimile by directors and officers of PrimeWest, without special compensation. Information contained herein is given as of the date hereof unless otherwise specifically stated.

For the purpose of this Management Proxy Circular, unless the context otherwise requires, capitalized terms shall have the meanings ascribed to such terms in the declaration of trust (the "Declaration of Trust") dated as of the 2nd day of August, 1996 and restated as of July 19, 1999 among PrimeWest and the Trustee. A copy of the Declaration of Trust is available to Unitholders from the head office of the Trust on demand and upon payment of reasonable reproduction costs.

Appointment of Proxies

Unitholders who wish to vote their Trust Units should complete and remit the attached form of proxy to The Trust Company of Bank of Montreal c/o Computershare Trust Company of Canada, 1800 McGill College Avenue, Montreal, Quebec H3A 3K9 (or hand delivery to 600, 530 – 8th Avenue S.W., Calgary, Alberta T2P 3S8), not less than 24 hours before the time for the holding of the Meeting or any adjournment thereof or with the Chairman of the Meeting prior to the commencement thereof. By a resolution of the directors of PrimeWest, the record date for the Meeting has been established as the close of business on April 27, 2001 (the "Record Date"). Only Unitholders of record as at the Record Date are entitled to receive notice of, and to vote at, the Meeting, subject to the following. In the event a Unitholder of record transfers his Trust Units and the transferee, upon producing properly endorsed certificates evidencing such Trust Units or otherwise establishing that he owns such Trust Units, requests no later than 10 days before the Meeting that the transferee be included

in the list of Unitholders entitled to vote, such transferee shall be entitled to vote such Trust Units at the Meeting.

The document appointing a proxy shall be in writing and shall be executed by the Unitholder or his attorney authorized in writing or, if the Unitholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

The persons named in the enclosed form of proxy are directors or officers of PrimeWest. A Unitholder submitting a form of proxy has the right to appoint a person to represent him at the Meeting (who need not be a Unitholder) other than the person or persons designated in the form of proxy furnished on behalf of the Trustee. To exercise such right, the names of the persons designated by the Manager should be crossed out and the name of the Unitholder's appointee should be legibly printed in the blank space provided.

Revocability of Proxy

A Unitholder who has submitted a form of proxy as directed hereunder may revoke it at any time prior to the exercise thereof. If a person who has given a proxy attends personally at the Meeting at which such proxy is to be voted, such person may revoke the proxy and vote in person. In addition to the revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the Unitholder or his attorney or authorized agent and deposited either at the registered office of the Trustee at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof or with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, and upon either of such deposits, the proxy is revoked.

Exercise of Discretion By Proxy

The Trust Units represented by proxy in favour of the listed nominees will be voted on any ballot at the Meeting and, where the Unitholder specifies a choice with respect to any matter to be acted upon, such Trust Units shall be voted on any ballot in accordance with the specification so made. **In the absence of such specification, Trust Units will be voted to grant the Trustee approval to direct the Manager to vote Common Shares of PrimeWest in favour of the proposed resolutions of PrimeWest and to vote in favour of the proposed resolutions of the Unitholders. The persons appointed under the form of proxy furnished on behalf of the Trust by the Manager are conferred with discretionary authority with respect to amendments or variations of those matters specified in the proxy and notice of meeting and as to other matters which may properly come before the Meeting. At the time of mailing of this Management Proxy Circular, none of the Trustee, management of PrimeWest and the Manager know of any such amendment, variation or other matter.**

Rights of Holders of Exchangeable Shares of PrimeWest Oil and Gas Corp.

In accordance with the Voting and Exchange Trust Agreement dated March 28, 2001 among the Trust, PrimeWest, PrimeWest Oil and Gas Corp. and Montreal Trust Company of

Canada, the Trust has issued a Special Voting Unit to Montreal Trust Company of Canada, for the benefit of the holders (other than the Trust and PrimeWest) of the Exchangeable Shares of PrimeWest Oil and Gas Corp. (the "PrimeWest Exchangeable Shares"). The Special Voting Unit carries a number of votes, exercisable at the Meeting equal to the number of PrimeWest Units (rounded down to the nearest whole number) into which the PrimeWest Exchangeable Shares are exchangeable on the Record Date.

Each holder of a PrimeWest Exchangeable Share on the Record Date is entitled to direct Montreal Trust Company of Canada to exercise that number of votes attached to the Special Voting Unit equal to the number of PrimeWest Units (rounded down to the nearest whole number) into which the Exchangeable Share of such holder are exchangeable. Alternatively, such holder is entitled to direct Montreal Trust Company of Canada to give a proxy to such holder or his designee to exercise personally such votes or to give a proxy to a designated agent or other representative of the management of the Trust or PrimeWest to exercise such votes. Montreal Trust Company of Canada will exercise each vote attached to the special voting unit only as directed by the holder and, in the absence of instructions from a holder as to voting, will not exercise such votes.

Montreal Trust Company of Canada has sent the notice of the Meeting to the holders of the PrimeWest Exchangeable Shares, together with the related meeting materials and a statement as to the manner in which the holder may instruct Montreal Trust Company of Canada to exercise the votes attaching to the Special Voting Unit. Such instructions may be mailed to Montreal Trust Company of Canada c/o Computershare Trust Company of Canada, 1800 McGill College Avenue, Montreal, Quebec, H3A 3K9 (or hand delivered to 600, 530 – 8th Avenue S.W., Calgary, Alberta, T2P 3S8). In order to be valid such instructions must be received by Montreal Trust Company of Canada not later than 3:00 p.m. (Calgary time) on Friday, June 1, 2001.

A holder of PrimeWest Exchangeable Shares who has submitted instructions to Montreal Trust Company of Canada with respect to the exercise of votes attached to the Special Voting Unit may revoke it at any time prior to the exercise thereof. In addition to the revocation in any other manner permitted by law, a direction to Montreal Trust Company of Canada may be revoked by instrument in writing executed by the PrimeWest Exchangeable Shareholder or his attorney or authorized agent and deposited with Montreal Trust Company of Canada at any time up to 3:00 p.m. (Calgary time) on Friday, June 1, 2001, and upon such deposit, the direction is revoked.

SECURITIES AND PRINCIPAL HOLDERS THEREOF

Trust Units

The Trust is an open-end investment trust the sole purpose of which is the investing of its funds in oil and gas production and reserves and issuing Trust Units to the public. The sole beneficiaries of the Trust are the holders of the Trust Units. As at March 31, 2001, the Trust had 100,562,826 issued and outstanding Trust Units. Pursuant to the terms of the

Declaration of Trust, Unitholders of record are entitled to notice of and to attend at the Meeting, in person or by proxy, and to one vote per Trust Unit held on any ballot thereat.

Common Shares of PrimeWest

PrimeWest, the primary operating entity for the Trust, presently has 100 issued and outstanding common shares ("Common Shares") to which are attached voting rights. All Common Shares are owned by the Manager. The Manager, pursuant to the terms of the Unanimous Shareholder Agreement is, except as specifically set forth therein, obligated to exercise the voting rights attached to the Common Shares in the manner directed by resolution of the Unitholders.

Exchangeable Shares of PrimeWest Oil and Gas Corp.

PrimeWest Oil and Gas Corp., a subsidiary of the Trust, has issued exchangeable shares in connection with the acquisition of Cypress Energy Inc. As at March 31, 2001, PrimeWest Oil and Gas Corp. had 5,440,000 issued and outstanding exchangeable shares exchangeable in the aggregate into 5,440,000 Trust Units of the Trust. Pursuant to a Voting and Exchange Voting Agreement dated March 28, 2001 among the Trust, PrimeWest Oil and Gas Corp. and Montreal Trust Company of Canada, each holder is entitled to exercise that number of votes equal to the number of trust units into which the holder's Exchangeable Shares may be exchanged on the Record Date.

Exchangeable Shares of PrimeWest Resources Ltd.

PrimeWest Resources Ltd., a subsidiary of PrimeWest, has issued exchangeable shares in connection with the acquisition of Venator Petroleum Company Ltd. As at March 31, 2001, PrimeWest Resources Ltd. had 879,431 issued and outstanding exchangeable shares that are exchangeable in the aggregate into 989,888 Trust Units of the Trust.

Principal Holders of Trust Units

To the best of the knowledge of the directors and officers of PrimeWest, no person or company beneficially owns directly or indirectly, or exercises control or direction over Trust Units carrying more than 10 percent of the votes attached to all of the issued and outstanding Trust Units of the Trust.

MATTERS TO BE CONSIDERED AT THE MEETING

1. Financial Statements

At the Meeting, the consolidated financial statements of the Trust for the year ended December 31, 2000 and the auditors' report thereon will be presented. These financial statements are included in the 2000 Annual Report of the Trust.

2. Election of Directors

PrimeWest has a board of directors (the "Board of Directors") currently consisting of five members, four of whom were nominated by the Trust and one of whom was nominated by the Manager.

Nominees of the Trust

The following persons (the "Independent Directors") are proposed by the Manager on behalf of the Trustee as the Trust's nominees for election as directors of PrimeWest to serve until the next annual meeting of Unitholders or until their successors are duly elected or appointed. If any vacancies occur in the slate of such nominees because any nominee is unable to serve or will not serve, the discretionary authority conferred by the proxies appointing management nominees will be exercised to grant approval to the Trustee to cause the Manager to vote for the election of any other person or persons nominated by the Trustee. The names of the nominees for election as directors, their municipalities of residence, principal occupations, year in which each became a director of PrimeWest and numbers of Trust Units beneficially owned or over which control or direction is exercised by such persons, as at April 5, 2001, are as follows:

<u>Name and Present Principal Occupation or Employment</u>	<u>Director of PrimeWest Since</u>	<u>Municipality of Residence</u>	<u>Trust Units Beneficially Owned or over which Control or Discretion is Exercised as at April 5, 2001</u>
HAROLD P. MILAVSKY Chairman Quantico Capital Corp.	1996	Calgary, Alberta	41,435
BARRY E. EMES Partner Stikeman Elliott	1996	Calgary, Alberta	9,000
HAROLD N. KVISLE President TransCanada Pipelines Limited	1996	Calgary, Alberta	10,000
MICHAEL W. O'BRIEN Executive Vice President, Corporate Development and Chief Financial Officer Suncor Energy Inc.	2000	Calgary, Alberta	5,000

Each of the foregoing persons has been engaged in the occupation set forth above or similar occupations with the same employer for the last five years, other than Mr. Kvisle who prior to May, 2001 was Senior Vice President, Energy Operations of TransCanada Pipelines Limited (October 1999 to May 2001) and prior to October, 1999 was President of Fletcher Challenge Energy Canada Inc. Prior to December, 1999, Mr. O'Brien was Executive Vice-President of Sunoco Inc., a wholly-owned subsidiary of Suncor Energy Inc.

Nominees of the Manager

The Manager has advised that the following person is the nominee of the Manager proposed for election as a director of PrimeWest:

<u>Name and Present Principal Occupation or Employment</u>	<u>Director of PrimeWest Since</u>	<u>Municipality of Residence</u>	<u>Trust Units Beneficially Owned or over which Control or Discretion is Exercised as at April 5, 2001</u>
KENT J. MACINTYRE Chief Executive Officer PrimeWest Energy Inc.	1996	Calgary, Alberta	207,309

Prior to July, 1996 Mr. MacIntyre's principal occupation was Chief Executive Officer of Triad Energy Inc. (March, 1994 - July, 1996).

3. Appointment of Auditors

Unless it is specified in a proxy that the Unitholder withholds approval for the Trustee to cause the appointment of PricewaterhouseCoopers LLP ("PWC") as auditors of PrimeWest and the Trust, the persons named in the enclosed form of proxy intend to grant approval to the Trustee to cause the appointment of PWC as auditors of PrimeWest and the Trust, to hold office until the next annual meeting of Unitholders following the Meeting, with remuneration to be determined by the Manager and approved by the Board of Directors. PWC was initially appointed as the auditors of PrimeWest and the Trust upon the creation of the Trust and have audited the consolidated comparative financial statements as at and for the years ended December 31, 1997 through 2000 and the consolidated financial statements as at December 31, 1996 and for the period from August 2, 1996, the date of the Declaration of Trust, to December 31, 1996.

Representatives of PWC will be present at the Meeting and will have the opportunity to make a statement and to respond to appropriate questions.

4. Appointment of Successor Trustee

The stock transfer business of The Trust Company of Bank of Montreal was recently acquired by Computershare Trust Company of Canada. As a result thereof, the Manager has determined to recommend to Unitholders the appointment of Computershare Trust Company of Canada, as a successor to The Trust Company of Bank of Montreal, as trustee of the Trust at such time as Computershare Trust Company of Canada has received all required statutory registrations.

Unitholders will be asked to consider, and if thought fit, to pass an Ordinary Resolution approving the appointment of Computershare Trust Company of Canada as the successor to The Trust Company of Bank of Montreal as the trustee of the Trust to hold office until the sixth annual meeting of Unitholders, with remuneration to be determined by the

Manager and approved by the Board of Directors upon the completion of all required statutory registrations by Computershare Trust Company of Canada.

5. Amendment of the Royalty Agreement

The Royalty Agreement provides that the Trust is required to reimburse PrimeWest with respect to 99% of all Non-Deductible Crown Royalties paid by PrimeWest in respect of the properties owned by PrimeWest or the production of petroleum substances from those properties. The Alberta government has announced that it will implement changes to the Alberta Royalty Tax Credit regime so that effective January 1, 2001, trusts and individuals are no longer eligible to claim Alberta Royalty Tax Credits. Accordingly, an amendment to the Royalty Agreement is necessary to ensure that PrimeWest maintains maximum flexibility with respect to the payment of Non-Deductible Crown Royalties by waiving the right to reimbursement thus providing the ability to make direct claims for Alberta Crown Royalty Tax Credits.

The Board of Directors have approved and recommend to the Unitholder for approval by them at the Meeting, a special resolution (the "Royalty Agreement Amendment Resolution") to amend the Royalty Agreement to ensure PrimeWest maintains flexibility with respect to claiming the Alberta Crown Royalty Tax Credit.

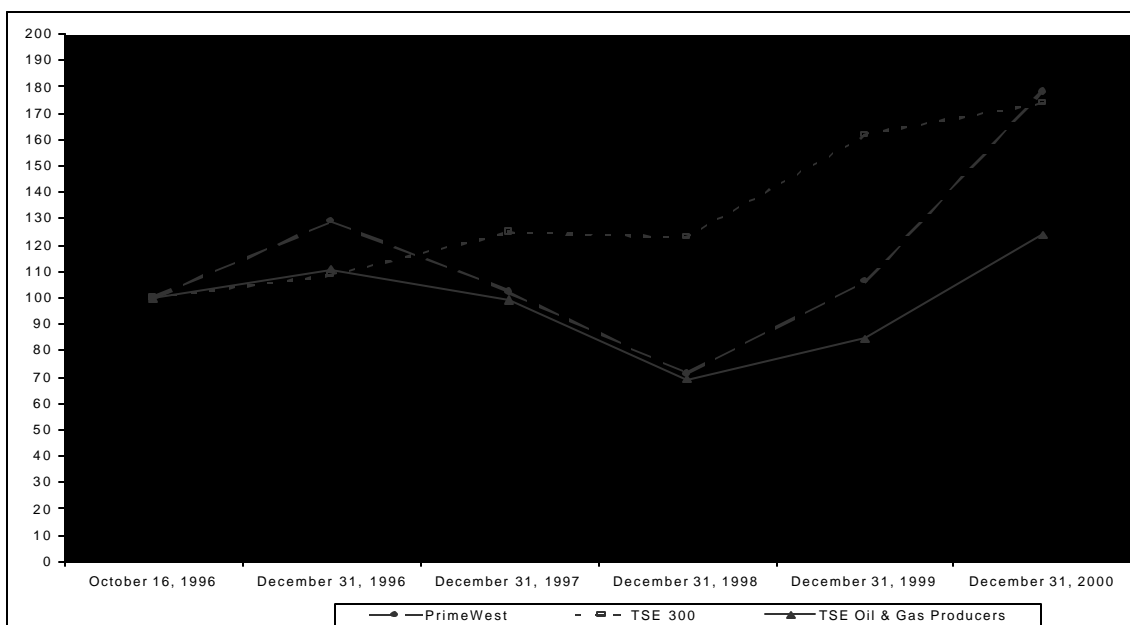
The form of the Royalty Agreement Amendment Resolution is set forth in Schedule "A".

PERFORMANCE ANALYSIS

The following graph compares the cumulative total unitholder return (assuming a \$100 investment in the Trust Units on October 16, 1996) with the cumulative total return of the TSE 300 Composite Total Return Index and the TSE Oil & Gas Producers Total Return Index, assuming the reinvestment of distributions, where applicable, for the comparable period. The total unitholder return shown in the following graph is based on a first instalment payment of \$6.00 per Trust Unit at the time of the Trust's initial public offering on October 16, 1996 and assumes that the \$4.00 final instalment payment was made by Unitholders in 1997 and on or before October 16, 1997, as was required of Unitholders who had acquired Trust Units on an instalment payment basis.

Index	October 16, 1996	December 31, 1996	December 31, 1997	December 31, 1998	December 31, 1999	December 31, 2000
PrimeWest	\$100	\$129.00	\$102.23	\$71.18	\$106.28	\$178.19
TSE 300	100	\$108.62	124.89	122.92	161.90	173.90
TSE Oil & Gas Producers	100	\$110.83	99.24	69.06	84.61	123.94

Note: The first trading date of the Trust Units, then represented by instalment receipts, on The Toronto Stock Exchange was October 16, 1996.



EXECUTIVE COMPENSATION

PrimeWest's officers received no direct compensation from PrimeWest in 2000. However, all officers of PrimeWest are also officers of the Manager and were compensated by the Manager. Pursuant to the Management Agreement, the Manager is reimbursed by PrimeWest and the Trust for all of its general and administrative expenses, including executive compensation. A more detailed description of this arrangement can be found under the heading "Interest of Insiders in Material Transactions and Management Contracts".

Report on Executive Compensation

The Independent Directors act as the Corporate Governance and Compensation Committee for PrimeWest and the Trust. Pursuant to the terms of the Management Agreement the compensation paid to the senior officers of the Manager is subject to the approval of the Board of Directors. The Independent Directors have reviewed the compensation structure of the Manager with respect to its executive officers to ensure that the Manager is able, and continues to be able, to attract and retain quality and experienced individuals to its management team and to motivate these individuals to perform to the best of their ability and in the best interests of the Trust.

Employees of the Manager, including executives, participate in a group registered retirement savings plan (the "Employee Group RRSP") set up by the Manager. The Employee

Group RRSP is administered on behalf of the participants by Mutual Life of Canada. Under the terms of the Employee Group RRSP, the Manager contributes 7% of the base salary paid to an employee to the plan on behalf of the employee. Contributions to the Employee Group RRSP vest immediately and there are no plan restrictions on employees in respect of the withdrawal or transfer of funds contributed to the plan on their behalf.

Employees of the Manager, including executives, also participate in a short term incentive plan (the "Short Term Incentive Plan") under which annual cash bonuses are payable to employees in an amount to be determined based on a combination of individual and Trust performance. Payments under the plan are made at the end of February of each year. The maximum amount payable under the Short Term Incentive Plan for executives, other than the chief executive officer and chief operating officer, is 50% of base salary and 60% of base salary for the chief executive officer and chief operating officer. Between fifty and sixty percent of the amount of the executive officers bonus under the Short Term Incentive Plan is determined strictly on the basis of the Trust meeting operational and distribution targets set by the Board of Directors at the beginning of each calendar year. The balance of any such bonus is determined based on individual performance. In the case of executives, other than the chief executive officer, individual performance is assessed by the chief executive officer. The chief executive officer's individual performance is assessed by the Board of Directors.

Unit Appreciation Rights under the Trust Unit Incentive Plan are granted at the discretion of the Board of Directors to executive officers from time to time as a long term performance incentive. Subject to the discretion of the Board of Directors, the Manager has adopted a policy for future grants of new Unit Appreciation Rights to employees, including the executive officers, on an annual basis. Under the terms of the Trust Unit Incentive Plan, participating executive officers may be eligible to receive Trust Units or a cash payment, based on the total return to Unitholders (measured by both changes in Trust Unit prices and cash distributions made to Unitholders) being in excess of a threshold of five percent per annum.

The Corporate Governance and Compensation Committee and the Manager undertake an independent review of the compensation package of its executive officers annually with a view to ensuring that the compensation paid to its executive officers is commensurate with compensation packages provided by operating Canadian oil and gas companies and royalty trusts of a similar size and capitalization and with a similar performance to that of the Trust on an ongoing basis.

Summary Compensation Table

The following table sets forth information concerning the total compensation paid to "named executive officers" of the Manager for which the Manager was reimbursed by PrimeWest or the Trust during the year ended December 31, 2000. Aspects of this compensation are dealt with in the following tables.

Name and Principal Position ⁽⁴⁾	Year ⁽¹⁾	Annual Compensation		Long-Term Compensation		All Other Compensation (\$)
		Salary (\$)	Other Annual Compensation (\$) ⁽²⁾	Awards	Payouts	
				Unit Appreciation Rights Granted (#) ⁽³⁾	LTIP Payouts (\$)	
Kent J. MacIntyre Chief Executive Officer	2000	275,000	89,370	199,721	-	-
	1999	275,000	199,475 ⁽⁵⁾	199,275	-	-
	1998	275,000	16,689	254,630	-	-
D. Hugh Gillard ⁽⁶⁾ President & COO	2000	250,000	96,456	231,826	137,026	-
	1999	238,984	16,274	247,525	-	-
Tim Granger Vice President, Production	2000	177,083	32,668	77,869	25,211	-
	1999	96,591	7,170	64,394	-	-
Ronald Ambrozy Vice President, Corporate Development	2000	145,832	40,618	54,474	122,819	-
	1999	137,500	32,324	50,182	-	-
	1998	130,000	8,279	61,905	-	-
Susan M. Duncan Vice President, Finance	2000	142,083	39,347	39,944	182,838	-
	1999	137,500	36,629	49,819	-	-
	1998	125,000	48,102	57,870	-	-

Notes:

- (1) Ms. Duncan became an employee of the Manager effective February 1, 1997, Mr. MacIntyre became an employee of the Manager effective April 1, 1997, Mr. Ambrozy became an employee of the Manager on October 13, 1997, Mr. Gillard became an employee effective January 18, 1999 and Mr. Granger became an employee effective June 8, 1999.
- (2) Amounts include payments under the short term incentive plan and benefits paid to the employees such as the Group RRSP and other taxable amounts.
- (3) The Unit Appreciation Rights are described below. See "Executive Compensation - Unit Appreciation Rights".
- (4) Certain officers indirectly hold economic interests in the Manager and accordingly receive an indirect benefit through amounts paid to the Manager. See "Interest of Insiders in Material Transactions and Management Contracts".
- (5) Of this amount \$133,500 relates to a bonus for 1997 paid in 1999.
- (6) On January 9, 2001, the Trust announced that Mr. Gillard had resigned as President, Chief Operating Officer and Director of PrimeWest Energy Inc.

Unit Appreciation Rights

Except as set out below, no options or other Trust Unit rights have been granted to any officer of PrimeWest or the Manager. Under the terms of the Trust Unit Incentive Plan, personnel entitled to participate in the plan will be entitled to exercise the unit appreciation rights ("Unit Appreciation Rights") granted to them in one-third increments over each of the first three anniversaries of the effective date of the grant thereof. The following table sets forth certain information relating to the Unit Appreciation Rights issued to the named

executive officers under the Trust Unit Incentive Plan, during the year ended December 31, 2000.

Name	Unit Appreciation Rights Granted (#)	% of Total Unit Appreciation Rights Granted in Fiscal Period	Base Price of Trust Units underlying Unit Appreciation Rights (\$/Unit)	Market Value of Trust Units Underlying Unit Appreciation Rights on the Date of Grant (\$/Unit)	Expiration Date
Kent J. MacIntyre	199,721	14.1	\$8.95	\$8.95	October 16, 2006
Hugh Gillard ⁽²⁾	231,826	16.4	\$7.01	\$7.01	January 18, 2006
Tim Granger	77,869	5.5	\$7.45	\$7.45	June 8, 2006
Ronald Ambrozy	54,474	3.8	\$8.80	\$8.80	October 12, 2006
Susan M. Duncan	39,944	2.8	\$8.95	\$8.95	October 16, 2006

The following table and the notes thereto set forth information concerning aggregated exercises of Unit Appreciation Rights by the named executive officers during the year ended December 31, 2000 together with the number and value of unexercised Unit Appreciation Rights held by each of the named executive officers as at December 31, 2000.

Name	Trust Units Acquired on Exercise	Aggregate Value Realized	Unexercised Unit Appreciation Rights at Year End		Value of Unexercised in-the-money Unit Appreciation Rights at Year End \$	
			Vested	Unvested(1)	Vested	Unvested(1)
Kent J. MacIntyre	-	-	765,894	419,809	\$4,183,808	\$1,245,186
Hugh Gillard ⁽²⁾	18,517	\$137,026	41,683	397,668	\$303,869	\$2,021,919
Tim Granger	3,253	\$25,211	10,650	121,013	\$53,463	\$405,805
Ronald Ambrozy	14,886	\$122,819	122,010	109,144	\$647,641	\$322,655
Susan M. Duncan	23,075	\$182,838	116,565	92,989	\$608,069	\$293,746

Notes:

- (1) The board of directors of PrimeWest has the ability to accelerate the vesting of all unvested Unit Appreciation Rights on the occurrence of any one of a number of specified events.
- (2) On January 9, 2001, the Trust announced that Mr. Gillard had resigned as President, Chief Operating Officer and Director of PrimeWest Energy Inc.

Compensation of Directors

The Chairman of PrimeWest is paid an annual retainer of \$12,500 and an additional \$1,250 for each Board of Directors, Audit Committee and Corporate Governance and Compensation Committee meeting attended. Each of the other Independent Directors of PrimeWest receive an annual retainer of \$10,000 and an additional \$1,000 for each Board of Directors, Audit Committee and Corporate Governance and Compensation Committee meeting attended. In addition, each Independent Director has been granted a total of 21,788 Unit Appreciation Rights under the Trust Unit Incentive Plan during the fiscal period ended December 31, 2000. The Independent Directors receive an annual grant of a number of Unit Appreciation Rights determined by the formula applicable to Independent Directors. Mr. Emes is a partner of Stikeman Elliott, which firm receives fees for legal services rendered to PrimeWest and the Trust.

Liability Insurance of Directors and Officers

PrimeWest maintains directors' and officers' liability insurance coverage for losses to PrimeWest if it is required to reimburse directors and officers, where permitted, and for direct indemnity of directors and officers where corporate reimbursement is not permitted by law. The insurance protects PrimeWest against liability (including costs), subject to standard policy exclusions, which may be incurred by directors and/or officers acting in such capacity for PrimeWest. All directors and officers of PrimeWest are covered by the policy and the amount of insurance applies collectively to all.

INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS AND MANAGEMENT CONTRACTS

The Trust Company of Bank of Montreal is the Trustee and also acts as the transfer agent for the Trust Units. The Trustee is paid a reasonable fee in connection with the administration of the Trust and is also reimbursed for all of its expenses properly incurred, as agreed by the Trustee and PrimeWest.

PrimeWest is a corporation established under the laws of the Province of Alberta. PrimeWest has granted a 99% net profits royalty to the Trust on all oil and gas properties owned now and in the future by PrimeWest.

The Manager is a corporation established under the laws of the Province of Alberta whose business is restricted to managing the oil and gas properties owned, directly and indirectly, by PrimeWest and the Trust and to managing PrimeWest, the Trust and their

subsidiaries, all pursuant to the provisions of the Management Agreement. A description of the compensation received by the Manager for providing management services to PrimeWest and the Trust is set out below.

All of the shares of the Manager are held by Canadian Income Fund Group Inc., a corporation wholly-owned by Mr. MacIntyre, although certain present and past officers of the Manager and their family members have economic interests therein. The Manager is effectively controlled by Mr. MacIntyre.

Mr. Emes, a director of PrimeWest, and Mr. Bruvall, the Secretary of PrimeWest and the Manager, are partners in Stikeman Elliott, a law firm which provides legal services to the Trust, PrimeWest and the Manager.

Management Fees

Pursuant to the Management Agreement, the Manager receives (a) a management fee, payable on the 15th day following each March 31, June 30, September 30 and December 31 equal to 2.5% of the total of Net Production Revenue (as defined therein) plus Alberta royalty tax credit, if any, less Crown royalties and other Crown charges attributable to the properties of PrimeWest, the Trust or their subsidiaries; and (b) quarterly incentive payments. The quarterly incentive payments for the year ended December 31, 2000 amounted to 90,411 Trust Units. The incentive payments are adjusted quarterly based on the total issued and outstanding Trust Units so that the quarterly incentive payments will be in the same proportion as 12,500 is to the outstanding Trust Units on the closing of the initial public offering of the Trust.

Acquisition and Disposition Fees

The Manager is paid an acquisition fee equal to 1.5% of the purchase price of any assets acquired by PrimeWest, the Trust or their respective subsidiaries. In the event that PrimeWest, the Trust or any subsidiary disposes of any assets, the Manager receives a disposition fee equal to 1.25% of the sale price of the properties sold. In the case of asset exchanges or swaps, the Manager receives the 1.5% acquisition fee up to the purchase price of any assets acquired and receives the 1.25% disposition fee to the extent the value of the assets being disposed of exceeds the value of the assets being acquired. During the year ended December 31, 2000, an aggregate of \$1,722,653 in acquisition and disposition fees was paid to the Manager.

General and Administrative Costs

The Manager is reimbursed for all of its general and administrative costs by either PrimeWest or the Trust. Overhead recoveries by PrimeWest as operator of those properties which are operated by PrimeWest are used to offset general and administrative costs incurred by the Manager.

Residual Royalty Income

Pursuant to Unanimous Shareholder Agreement, the Manager is entitled to receive a dividend on the shares of PrimeWest equal to approximately 1% of the net production revenue attributable to the oil and gas properties owned by PrimeWest, the Trust or their subsidiaries. The Manager is entitled to receive payment of such dividends on a quarterly basis.

Total Compensation for the Year Ended December 31, 2000

In total, the Manager received \$6,565,595, inclusive of the 1% residual royalty dividend of \$835,000 and the 90,411 Trust Units issued to the Manager as the quarterly incentive payments (which were given a value equal to the closing price of Trust Units on The Toronto Stock Exchange on the date of issuance), for services provided under, and pursuant to, the Management Agreement and the Unanimous Shareholder Agreement during the year ended December 31, 2000. These amounts include compensation to the Manager for taking the initiative in setting up and organizing PrimeWest and the Trust and acquiring the initial properties purchased by PrimeWest.

CORPORATE GOVERNANCE

The Board of Directors and senior management consider good corporate governance to be central to the effective and efficient operation of PrimeWest and the Trust and fully support the Guidelines for Corporate Governance as set forth by The Toronto Stock Exchange (the "TSE Guidelines"). The TSE Guidelines are addressed below.

Composition of the Board of Directors and Independence

An "unrelated" director for the purposes of the TSE Guidelines is a director who is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the corporation, other than interests arising from shareholdings. In defining an unrelated director, the TSE Guidelines placed emphasis on the ability of a director to exercise objective judgment, independent of management. The TSE Guidelines also made an informal distinction between inside and outside directors. The TSE Guidelines consider an inside director a director who is an officer or employee of the corporation or any of its affiliates.

The composition of the Board of Directors is prescribed by the Unanimous Shareholder Agreement, which provides that a number of directors equal to the number of directors nominated by the Trust less one (presently Mr. MacIntyre) are to be the nominee of the Manager. Mr. MacIntyre is an officer of PrimeWest and the Manager and is not an independent director. Four directors (presently Messrs. Emes, Kvisle, O'Brien and Milavsky) are nominees of the Trust pursuant to the Unanimous Shareholder Agreement. The four nominees of the Trust are independent directors. Although Mr. Emes is a partner in a law firm which provides services to PrimeWest, the Board of Directors does not believe that this

interferes in any way with Mr. Emes' ability to act with a view to the best interests of PrimeWest. Pursuant to the terms of the Unanimous Shareholder Agreement, an independent director is to be elected the chairman of the Board of Directors by the directors from among their number. Mr. Milavsky is the independent director so elected as chairman.

PrimeWest does not provide formal education programs for new directors, but does provide such orientation and information as individual directors may request. All directors, notwithstanding the manner in which they were nominated, are required to act in the best interests of PrimeWest.

Board Committees

The Board of Directors has an Audit Committee and a Corporate Governance and Compensation Committee, which are both made up of the Independent Directors, all of which are outside directors as required by the TSE guidelines. The Audit Committee also functions as the Board of Directors' Reserves Committee. The Corporate Governance and Compensation Committee also serves as the Board of Directors' Health, Safety and Environment Committee. PrimeWest believes that the size of the Board of Directors is sufficiently small that certain matters that might otherwise be delegated to committees can be dealt with effectively by the entire Board of Directors. The Board of Directors as a whole has reviewed the compensation of the directors in light of their risks and responsibilities, as required by the TSE Guidelines. In addition, the Board of Directors has the ability to function independently of management and has the ability to engage outside advisors, at PrimeWest's expense, should the Board of Directors or individual directors so wish, as specified in the TSE Guidelines.

Delegation of Authority

The Management Agreement dictate the role of the Board of Directors of PrimeWest as supervisor of the Manager, as manager of PrimeWest and the Trust, and as the Trustee's delegate. The Board of Directors is responsible under applicable law for the management of the business and affairs of PrimeWest and consequently ensuring that the Manager fulfils its obligations under that agreement. The Board of Directors retains all powers which are not expressly delegated to the Manager.

APPROVAL AND CERTIFICATION

The contents and mailing of this Management Proxy Circular have been approved by the directors of PrimeWest.

The foregoing 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 light of the circumstances in which it was made.

DATE: April 10, 2001.

PRIMEWEST ENERGY TRUST
BY: PRIMEWEST MANAGEMENT INC., AS MANAGER

(Signed) Kent J. MacIntyre
Director and Chief Executive Officer

(Signed) Susan M. Duncan
Vice President, Finance

SCHEDULE A

A. Royalty Agreement Amendment Resolution

BE IT RESOLVED THAT Section 2.10 of the Royalty Agreement be deleted and replaced with the following:

"2.10 Reimbursement of Non-Deductible Crown Royalties

The Royalty Owner shall reimburse to the Grantor 99% of all Non-Deductible Crown Royalties paid by the Grantor in respect of the Properties or the production of Petroleum Substances therefrom. The Grantor shall be entitled to set off Monthly Royalty Payments against amounts reimbursable to it pursuant to this Section 2.10. However, the Grantor may, in its sole discretion, waive its right to reimbursement of any Non-Deductible Crown Royalties to the extent of the amount of Non-Deductible Crown Royalties payable by the Grantor."