

PRIMEWEST

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CALGARY, May 16, 2002 (TSE: PWLUN; PWX) -- PrimeWest Energy Trust (PrimeWest) today announced unaudited interim operating and financial results for the first quarter.

PRIMEWEST ENERGY TRUST ANNOUNCES FIRST QUARTER 2002 RESULTS, PRODUCTION EXCEEDS TARGET, CASH FLOW \$0.37 PER UNIT

FIRST QUARTER HIGHLIGHTS

- Production averaged 31,370 barrels of oil equivalent per day (BOE/day), exceeding the target range of 29,000-30,000 BOE/day and the 2001 exit rate of 30,500 BOE/day.
- Cash flow of \$48.3 million (\$0.37 per unit) compared to \$53.2 million (\$0.42 per unit) in the fourth quarter of 2001 reflects lower production due to the disposition of the Garrington and Westward Ho properties in the fourth quarter of 2001 and lower realized commodity prices.
- Operating expenses were reduced to \$5.10 per BOE from \$5.69 per BOE in the fourth quarter of 2001, and \$5.42 for the full-year 2001.
- Net debt increased from \$225 to \$234 million, reflecting capital expenditures of \$25 million, partially offset by the 79% cash flow distribution rate in the quarter and proceeds from the DRIP and Optional Trust Unit Purchase programs. Represents a debt-to-cash flow ratio of 1.2 times.

“Our strong production performance in the quarter reflects our success in overcoming technical challenges encountered in 2001, and a successful 2002 development program thus far,” said Don Garner, President and Chief Operating Officer. “In addition, the significant reduction in operating cash costs per BOE reflects the success of our operating teams in reducing costs, as well as lower power costs.”

JUNE DISTRIBUTION DECLARED

PrimeWest today confirms a cash distribution of 10 cents per trust unit for May 2002. The distribution will be paid on June 14, 2002, to all unitholders of record on May 31, 2002. The ex-distribution date is May 29, 2002. This level of distribution represents a 17% cash-on-cash yield based on May 16th's closing price of \$6.95.

Including the regular 10 cent per unit distribution payable in June, PrimeWest will have paid a total of \$1.77 per trust unit during the previous 12-month period (July 2001 through June 2002), and \$8.28 per trust unit since inception in October 1996.



We are one of North America's largest conventional oil and gas royalty trusts. We manage PrimeWest carefully for the ongoing benefit of our unitholders, and in doing so are guided by the operating principle of responsible stewardship. Our main objective is to deliver predictable and sustainable cash distributions monthly, within the context of a

PrimeWest Energy Trust
FINANCIAL & OPERATING HIGHLIGHTS



FINANCIAL HIGHLIGHTS

(thousands of dollars except per-BOE and per-trust-unit amounts)

Three months ended	Mar. 31, 2002	Per BOE	Dec. 31, 2001	Per BOE	Mar. 31, 2001	Per BOE
Net revenue	\$69,442	\$24.60	\$78,447	\$25.99	\$56,990	\$37.55
Cash flow	48,301	17.11	53,247	17.64	43,534	28.68
Operating expenses	14,393	5.10	17,188	5.69	8,340	5.49
G&A expenses						
- Cash	2,635	0.93	2,532	0.84	2,273	1.50
- Non-cash	5,351	1.90	2,815	0.93	5,195	3.42
Management fees						
- Cash	1,418	0.50	1,666	0.55	1,269	0.84
- Non-cash	479	0.17	419	0.14	483	0.32
Cash distributed to unitholders	38,131		53,268		40,783	
Cash distributed to unitholders (per trust unit)	0.30		0.44		0.60	
Cash available for distribution	0.37		0.42		0.79	
Net debt ⁽¹⁾	234,415		225,466		333,354	
Net debt ⁽¹⁾ (per trust unit)	1.77		1.72		3.04	

(1) Net debt is long-term debt plus negative working capital.

OPERATING HIGHLIGHTS

Three months ended	Mar. 31, 2002	Dec. 31, 2001	Mar. 31, 2001
Daily sales volumes			
Natural gas (MMcf/day)	113.31	119.65	49.57
Crude oil (bbls/day)	10,244	10,425	6,988
Natural gas liquids (bbls/day)	2,240	2,441	1,613
Total (BOE/day)	31,370	32,807	16,864
Prices (Cdn \$)			
Natural gas (\$/Mcf)	4.57	5.16	10.38
Crude oil (\$/bbl)	32.09	30.49	32.33
Natural gas liquids (\$/bbl)	20.87	22.54	40.21
Total (\$ per BOE)	28.49	30.18	47.76



The following discussion is management's analysis of PrimeWest's operating and financial results for the three months ended March 31, 2002 compared with the previous quarter and the first quarter of 2001. This discussion also contains information and opinions concerning the Trust's future outlook based on currently available information. This discussion should be read in conjunction with the Trust's annual MD&A and audited consolidated financial statements for the years ended December 31, 2001 and 2000, together with the accompanying notes, as contained in the Trust's 2001 Annual Report.

FORWARD-LOOKING INFORMATION

Because forward-looking information addresses future events and conditions, it involves risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking information. These risks and uncertainties include commodity price levels; production levels; the recoverability of reserves; transportation availability and costs; operating and other costs; interest rates and currency-exchange rates; and changes in environmental and other legislation and regulations. Please refer to the Trust's annual report for more detail as to the nature of these risks and uncertainties.

STRATEGY	2002 OBJECTIVES	FIRST QUARTER PERFORMANCE
Asset Growth	<ul style="list-style-type: none"> • Use the low cycles in the commodity price environment and strong balance sheet to add high quality reserves to our asset base. • Maintain or increase our reserve life index. 	<ul style="list-style-type: none"> • Low commodity price cycle short-lived. Available acquisition targets generally poor quality in nature. No acquisitions in first quarter. • Development program successful in adding reserves and production.
Operating Excellence	<ul style="list-style-type: none"> • Moderate natural production decline through prudent capital development. • Add incremental production through drilling, completions and workovers. • Reduce per BOE operating expenses from 2001 levels. 	<ul style="list-style-type: none"> • Production exceeded expectations for the first quarter of 2002. • First quarter development success at Dawson, Stowe, Grand Forks, Caroline and Brant Farrow. 20.6 net wells drilled with a 93% success rate. • Reduced operating expenses to \$5.10 per BOE (\$5.69 in the fourth quarter of 2001).
Financial Prudence	<ul style="list-style-type: none"> • Maintain a strong financial position as measured by net debt per Trust Unit and debt-to-cash flow ratio. 	<ul style="list-style-type: none"> • Debt-to-cash flow ratio has increased to 1.21 from 1.05 at year-end reflecting reduced cash flow for the first quarter of 2002. Unutilized credit facilities of \$115 million at March 31, 2002.
Risk Management	<ul style="list-style-type: none"> • Use hedging to stabilize and protect distribution levels. • Manage distribution rates as commodity prices cycle. 	<ul style="list-style-type: none"> • Stabilized at 10 cents per month through July of 2002 at a minimum. • Stabilized at 10 cents per month through July of 2002 at a minimum.



PRODUCTION VOLUMES

Three months ended	Mar. 31, 2002	Dec. 31, 2001	Mar. 31, 2001
Natural gas (<i>MMcf/day</i>)	113.31	119.65	49.57
Crude oil (<i>bbls/day</i>)	10,244	10,425	6,988
Natural gas liquids (<i>bbls/day</i>)	2,240	2,441	1,613
Total (<i>BOE/day</i>)	31,370	32,807	16,864
Gross Overriding Royalty volumes included above (<i>BOE/day</i>)	2,076	1,480	1,900

Production volumes exceeded expectations in the first quarter of 2002. With an exit rate of 30,500 BOE per day for 2001 (reflecting the disposition of approximately 1,800 BOE/day from the Garrington and Westward Ho areas in December of 2001) and natural decline, volumes were anticipated to be in the 29,000-30,000 BOE per day range in the first half of 2002. The improvement is a result of the resolution of technical issues encountered in 2001 and successful 2002 development activities.

In the first quarter of 2002, PrimeWest's drilling program included 31 gross (20.6 net) wells and achieved a 93% success rate. In addition, there were a number of facility enhancements, particularly at Roxanna.

Compared to the first quarter of 2001, volumes are higher reflecting the acquisition of Cypress Energy Inc. on March 29, 2001.

PRODUCTION OUTLOOK

PrimeWest is maintaining its production target at 29,000–30,000 BOE/day, but is extending that target to encompass the full year 2002. Previously, this target was effective only for the first half of 2002.

REALIZED COMMODITY PRICES

Benchmark prices

Three months ended	Mar. 31, 2002	Dec. 31, 2001	Mar. 31, 2001
Natural gas (<i>\$/Mcf AECO</i>)	3.34	3.30	10.90
Crude oil (<i>\$/U.S./bbl WTI</i>)	21.64	20.43	28.72

Average PrimeWest realized selling prices (*Cdn dollars*)

Three months ended	Mar. 31, 2002	Dec. 31, 2001	Mar. 31, 2001
Natural gas (<i>\$/Mcf</i>)	4.57	5.16	10.38
Crude oil (<i>\$/bbl</i>)	32.09	30.49	32.33
Natural gas liquids (<i>\$/bbl</i>)	20.87	22.54	40.21
Total Oil Equivalent (<i>\$/per BOE</i>)	28.49	30.18	47.76
Realized hedging gain (loss) (<i>\$/per BOE</i>)	7.06	3.16	(0.38)

Realized natural gas prices in the first quarter of 2002 fell 11% compared to the fourth quarter of 2001 reflecting market weakness in the first six weeks of this year.

Of the realized hedging gains of \$19.9 million during the first quarter of 2002, \$16.6 million or \$1.63/Mcf was attributable to natural gas and \$3.3 million or \$3.56 per barrel was attributable to crude oil.



SALES REVENUE ⁽¹⁾
(\$ thousands)

Three months ended	Mar. 31, 2002	Dec. 31, 2001	Mar. 31, 2001
Natural gas	46,645	56,776	46,321
Crude oil	29,585	29,240	20,334
Natural gas liquids	4,207	5,062	5,839
Total	80,437	91,078	72,494
Hedging gains (losses) ⁽²⁾ for natural gas and crude oil included above	19,926	9,526	(582)

(1) Excludes sulphur

(2) Net of amortized premiums

Sales revenues declined 12% compared to the previous quarter both as a result of weaker natural gas prices and lower production volumes, offset by hedging gains.

Compared to the first quarter of 2001, revenues were higher as a result of the Cypress volumes, but that increase was substantially offset by weaker prices.

PRICE OUTLOOK

Continued volatility in prices is expected as a result of instability in the Middle East. Fundamentally, the underlying supply/demand equation for both crude oil and natural gas is negative, suggesting intermediate term price weakness should the political uncertainties be resolved.

Nevertheless, current and forward pricing for both crude oil and natural gas is much higher today than earlier this year. In particular, natural gas prices hit a recent bottom of \$2.56/Mcf AECO in January 2002 compared to \$4.86/Mcf AECO in early May, an increase of 90%. The futures market for 2002/2003 winter gas is currently trading in excess of \$6.00/Mcf. Higher natural gas prices bode well for natural gas weighted producers, including PrimeWest.

ROYALTIES
(\$ thousands)

Three months ended	Mar. 31, 2002	Dec. 31, 2001	Mar. 31, 2001
Royalty expense	10,666	13,591	15,651
Per BOE	3.78	4.50	10.31
Royalties as % of sales revenue - including hedging	13.3%	14.9%	21.6%
- excluding hedging	17.6%	16.7%	21.4%

Royalties as a percent of sales revenue fell from fourth quarter levels as a result of lower commodity prices and hedging gains that do not attract royalties, as well as a one-time mineral tax adjustment of \$1.8 million.

The first quarter of 2001 royalty rate reflects higher gas prices.



OPERATING EXPENSES

(\$ thousands)

Three months ended	Mar. 31, 2002	Dec. 31, 2001	Mar. 31, 2001
Operating expenses	14,393	17,188	8,340
Per BOE	\$5.10	\$5.69	\$5.49

Operating expenses decreased 16% compared to the fourth quarter of 2001. The principal drivers for this reduction were the implementation of successful cost reduction initiatives, lower power costs and the disposition of high operating cost properties in the fourth quarter of 2001.

The increase compared to the first quarter of 2001 is a result of increased volumes from the Cypress acquisition and a change in asset mix due to lower operating cost properties acquired through Cypress.

OPERATING EXPENSES OUTLOOK

Operating expenses are expected to increase in the second quarter of 2002 as a result of costs associated with turnarounds at Laprise and Crossfield, as well as increased power costs relative to the first quarter.

OPERATING MARGIN

(\$ per BOE)

Three months ended	Mar. 31, 2002	Dec. 31, 2001	Mar. 31, 2001
Sales price and other revenue (including hedging)	28.37	30.50	47.86
Royalties	3.78	4.50	10.31
Operating costs	5.10	5.69	5.49
Operating margin	19.49	20.31	32.06

Operating margin fell 4% from quarter-to-quarter reflecting lower commodity prices, only partially offset by cost reductions and hedging gains.

Margins were much higher in the first quarter of 2001 as a result very strong natural gas and natural gas liquids prices.



CASH G&A EXPENSES AND MANAGEMENT FEES

(\$ thousands)

Three months ended	Mar. 31, 2002	Dec. 31, 2001	Mar. 31, 2001
Cash G&A Expenses	2,635	2,532	2,273
Per BOE	\$ 0.93	\$ 0.84	\$ 1.50
Cash Management Fees	1,418	1,666	1,269
Per BOE	\$ 0.50	\$ 0.55	\$ 0.84

Reduced management fees reflect lower net production revenue quarter-over-quarter.

Per BOE costs are much lower than the first quarter of 2001 both as a result higher volumes attributable to the Cypress acquisition as well as the impact of lower commodity prices on management fees.

NON-CASH G&A EXPENSES AND MANAGEMENT FEES

(\$ thousands)

Three months ended	Mar. 31, 2002	Dec. 31, 2001	Mar. 31, 2001
Non-cash G&A expenses	5,351	2,815	5,195
Non-cash management fees	479	419	483
Total	5,830	3,234	5,678
Per BOE	\$ 2.07	\$ 1.07	\$ 3.74

The major component of non-cash G&A expenses relates to Unit Appreciation Rights (UARs) under the Trust's long-term incentive program.

The increase in non-cash G&A expenses comparing the first quarter of 2002 to the fourth quarter of 2001 reflects the strong performance in unit price appreciation in the first quarter from \$6.36 at the end of 2001 to \$7.20 at March 29, 2002 and to the implementation of the new CICA accounting standard 3870 effective January 1, 2002, whereby vested and unvested UARs are included in the calculation of non-cash G&A expenses. Previously, only the vested UARs were included. The effect of this change was to increase non-cash G&A expenses in the first quarter of 2002 by \$2.0 million.

Non-cash G&A expenses in the first quarter of 2001 reflect a higher Trust Unit price driven by very strong oil and gas prices.

INTEREST EXPENSE

(\$ thousands)

Three months ended	Mar. 31, 2002	Dec. 31, 2001	Mar. 31, 2001
Interest expense	2,053	3,171	1,516
Period end debt level	234,415	225,466	333,354
Debt per trust unit	\$ 1.77	\$ 1.72	\$ 3.04
Average cost of debt - %	4.0%	4.4%	7.1%

Interest expense declined quarter-over-quarter on lower interest rates and lower debt through the quarter.

The Cypress acquisition was closed on March 29, 2001, adding incremental debt at quarter end that was not reflected in first quarter 2001 interest expense.



LIQUIDITY AND CAPITAL RESOURCES

(\$ thousands)

Three months ended	Mar. 31, 2002	Dec. 31, 2001	Mar. 31, 2001
Long-term debt	136,670	195,000	320,037
Working capital deficit	97,745	30,466	13,317
Net debt	234,415	225,466	333,354
Market value of Trust Units and exchangeable shares outstanding	954,722	834,053	976,500
Total capitalization	1,189,137	1,059,519	1,309,854
Net debt as a % of total capitalization	19.71%	21.30%	25.45%

Net debt increased in the quarter reflecting capital spending of \$24.9 million which was partially funded from cash flow, minor asset sales proceeds of \$2.1 million and proceeds from the DRIP and Optional Trust Unit Purchase programs.

Net debt is significantly lower than the first quarter of 2001 as a result of equity issued in the last nine months of 2001 to de-lever the balance sheet, along with the application of proceeds from non-core asset sales.

The working capital deficit has increased in the first quarter of 2002 due to the implementation of CICA Emerging Issues Committee Bulletin 122 effective January 1, 2002. The new accounting policy reclassifies a portion of debt from long-term to current when the lender has the option to convert to a non-revolving facility. \$68.3 million has been reclassified from long-term debt to current portion of long-term debt. It is not anticipated that the lender will exercise the option to convert to a non-revolving facility.

CAPITAL SPENDING

(\$ thousands)

Three months ended	Mar. 31, 2002	Dec. 31, 2001	Mar. 31, 2001
	24,874	30,561	6,863

Capital spending during the first quarter of 2002 is in line with the Trust's commitment to invest approximately \$40 million in the first half of 2002 in development activities.

The 2001 figures reflect a total capital program for that year of approximately \$80 million.

CAPITAL SPENDING OUTLOOK

The 2002 capital program has been increased from \$40 million for the first half of the year to \$70 million for the full year. It is anticipated that this additional spending of \$30 million will take place late in the third quarter and throughout the fourth quarter of 2002.

PrimeWest expects that internally generated retained cash flow, proceeds from the DRIP and the Optional Trust Unit Purchase programs plus unutilized credit facilities will be sufficient to fund the 2002 capital program, assuming no material adverse developments in commodity prices.

HEDGING PROGRAM



Approximate percentage of anticipated production volumes hedged through April 30, 2002; net of anticipated royalties, reflecting full production declines with no offsetting additions:

	<u>2002</u>	<u>2003</u>
Crude Oil	66%	26%
Natural Gas	69%	50%

The mark-to-market valuation of these hedges was a \$7.5 million gain at March 31, 2002 and a \$11.8 million loss at April 30, 2002.

A summary of contracts in place as at April 30, 2002 are as follows:

CRUDE OIL

Period	Volume (bbl/d)	Type	WTI Price (U.S.\$/bbl)
January – June 2002	1,000	Swap	25.14
January – June 2002	1,000	Swap	25.50
January – December 2002	1,000	Swap	24.58
May – June 2002	2,000	Swap	26.23
July – September 2002	2,000	Swap	25.22
October – December 2002	2,000	Swap	24.45
January – December 2002	1,000	Costless Collar	20.00/25.15
July – December 2002	1,000	3 Way	17.00 / 20.50 / 24.95
January – December 2003	1,000	3 Way	17.00 / 20.50 / 25.50
January – June 2003	1,000	3 Way	18.50 / 22.50 / 27.70
July – December 2003	1,000	3 Way	18.50 / 22.50 / 27.20

NATURAL GAS

Period	Volume (MMcf/d)	Type	AECO Price (Cdn\$/Mcf)
May – October 2002	4.7	Fixed Price	6.50
May – October 2002	18.9	Swap	5.28
May – October 2002	18.9	Swap	5.28
May – October 2002	9.5	Swap	4.39
November 2002 – March 2003	4.7	Costless Collar	4.22 by 5.96
November 2002 – March 2003	4.7	3 Way	3.17 / 4.48 / 6.59
November 2002 – March 2003	4.7	3 Way	3.17 / 3.96 / 5.46
November 2002 – March 2003	4.7	3 Way	4.22 / 5.28 / 7.04
November 2002 – March 2003	4.7	Swap	5.43
April – October 2003	4.7	Fixed Price	4.75
April – October 2003	4.7	Swap	5.05
April – October 2003	4.7	3 Way	3.17 / 4.48 / 6.26
April – October 2003	4.7	3 Way	3.17 / 3.96 / 5.39
April – October 2003	4.7	3 Way	3.69 / 4.75 / 6.65
November 2002 – October 2004	9.5	3 Way	3.17 / 4.22 / 6.09
January 2002 – October 2003	4.7	Swap	3.98
January 2002 – October 2003	4.7	Swap	4.17



A three-way option is like a traditional collar, except that PrimeWest has resold the put at a lower price. Utilizing the first crude oil contract above as an example, PrimeWest has sold a call at \$25.50, purchased a put at \$20.50, and resold the put at \$17.00. Should the market price drop below \$20.50 PrimeWest will receive \$20.50 until the price is less than \$17.00, at which time PrimeWest would then receive market price plus \$3.50. However, should market prices rise above \$25.50, PrimeWest would receive a maximum of \$25.50. Should the market price remain between \$20.50 and \$25.50, PrimeWest would receive the market price.

DISTRIBUTIONS

PrimeWest has distributed \$0.10 per unit on each of January 15, February 15, March 15, April 15, and May 15, 2002. PrimeWest has previously announced it will distribute, barring material adverse developments, \$0.10 per unit on June 14 and July 15, 2002.

The level of distribution for the third quarter is expected to be announced late in the second quarter.

DISTRIBUTION REINVESTMENT (DRIP) DISCOUNT

PrimeWest's Distribution Reinvestment and Optional Trust Unit Purchase Plan (Plan) enables participants to reinvest their monthly cash distributions and/or purchase additional Trust Units at a 5% discount to the 20-day weighted average monthly market price. There is a \$100,000 per calendar year limit to the purchase of additional Trust Units.

To join the Plan, you must be a registered unitholder or have your units in an account that allows participation. Not all brokerage firms and banks will allow you to participate. Please check directly with your account representative as to their participation.

For further information or to join this Plan, contact our Plan Agent, Computershare Trust Company of Canada, at 1-800-332-0095.

FIRST QUARTER CONFERENCE CALL AND WEBCAST

PrimeWest will be conducting a conference call and Webcast for interested analysts, brokers, investors and media representatives about its first quarter results and outlook at 10:00 a.m. Mountain time (12:00 p.m. Eastern time) on Friday, May 17, 2002.

Callers may dial 1-888-881-4892 a few minutes prior to start and request the PrimeWest conference call. The call also will be available for replay by dialing 1-877-289-8525, and entering pass code 188267 followed by the pound (#) key.

Interested users of the Internet are invited to go to www.newswire.ca/webcast/pages/PrimeWestEnergy20020517/ for the live Webcast and/or replay or access the Webcast at the PrimeWest Web site, www.primewestenergy.com.



QUESTIONS

PrimeWest Energy Trust welcomes questions from unitholders and potential investors; call Investor Relations at 403-234-6600 or toll-free at 1-877-968-7878; or visit us on the Internet at our Web site, www.primewestenergy.com.

On behalf of the Board of Directors:
May 16, 2002

Kent J. MacIntyre
Vice-chairman and
Chief Executive Officer

PrimeWest Energy Trust
CONSOLIDATED BALANCE SHEET (Unaudited)



<i>(thousands of dollars)</i>	As at Mar. 31, 2002	As at Dec. 31, 2001
ASSETS		
Current assets		
Accounts receivable	\$ 46,610	\$ 55,465
Prepaid expenses and inventory	8,457	11,200
	<u>55,067</u>	<u>66,665</u>
Cash reserved for site restoration and reclamation	766	755
Capital assets	<u>1,426,422</u>	<u>1,448,661</u>
	<u>\$ 1,482,255</u>	<u>\$ 1,516,081</u>
LIABILITIES AND UNITHOLDERS' EQUITY		
Current liabilities		
Bank overdraft	\$ 3,921	\$ 14,613
Accounts payable and accrued liabilities	57,308	59,944
Accrued distributions to unitholders	12,026	11,980
Due to related company	11,186	10,108
Current portion of long-term debt <i>(note 3)</i>	<u>68,371</u>	<u>67</u>
	<u>152,812</u>	<u>96,712</u>
Long-term debt <i>(note 3)</i>	136,670	195,000
Future income taxes	353,195	362,595
Site restoration and reclamation provision	<u>6,361</u>	<u>6,113</u>
	<u>649,038</u>	<u>660,420</u>
UNITHOLDERS' EQUITY		
Net capital contributions <i>(note 4)</i>	\$ 1,159,527	\$ 1,152,551
Capital issued but not distributed	1,195	419
Long-term incentive plan equity <i>(note 5)</i>	10,301	7,932
Accumulated income	128,526	122,550
Accumulated cash distributions	(459,114)	(420,983)
Accumulated dividends	<u>(7,218)</u>	<u>(6,808)</u>
	<u>833,217</u>	<u>855,661</u>
	<u>\$ 1,482,255</u>	<u>\$ 1,516,081</u>

CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY (Unaudited)

<i>(thousands of dollars)</i>	2002	2001
For the three months ended March 31		
Unitholders' equity, beginning of the period, as previously reported	\$ 855,661	\$ 298,245
Net income for the period	5,976	24,190
Net capital contributions	6,976	547,808
Capital issued but not distributed	776	247
Long-term incentive plan equity	2,369	2,186
Cash distributions	(38,131)	(40,783)
Dividends	<u>(410)</u>	<u>(740)</u>
Unitholders' equity, end of the period	<u>\$ 833,217</u>	<u>\$ 831,153</u>
For the three months ended March 31		
<i>(thousands of dollars)</i>	2002	2001



OPERATING ACTIVITIES		
Net income for the period	\$ 5,976	\$ 24,190
Add: Items not involving cash from operations		
Depletion, depreciation and amortization	45,895	11,420
Non-cash general and administrative	5,351	5,195
Non-cash management fees	479	483
Future income taxes (recovery)	(9,400)	2,246
Cash flow from operations	48,301	43,534
Change in non-cash working capital	10,041	10,386
	<u>58,342</u>	<u>53,920</u>
FINANCING ACTIVITIES		
Proceeds from issue of Trust Units (net of costs)	3,576	1,711
Cash distributions to unitholders	(38,085)	(40,783)
Dividends	-	(740)
Increase in long-term debt	9,974	62,096
Change in non-cash working capital	305	9,503
	<u>(24,230)</u>	<u>31,787</u>
INVESTING ACTIVITIES		
Expenditures on capital assets	(24,874)	(6,863)
Corporate acquisitions	-	(76,641)
Proceeds on disposal of capital assets	2,181	3,332
Decrease (increase) in cash reserved for future site restoration and reclamation	(11)	392
Expenditures on site restoration and reclamation	(716)	(780)
	<u>(23,420)</u>	<u>(80,560)</u>
INCREASE IN CASH FOR THE PERIOD	10,692	5,147
BANK OVERDRAFT BEGINNING OF THE PERIOD	(14,613)	(834)
CASH, (BANK OVERDRAFT) END OF THE PERIOD	<u>\$ (3,921)</u>	<u>\$ 4,313</u>
CASH INTEREST PAID	<u>\$ 1,765</u>	<u>\$ 1,514</u>



For the three months ended March 31 (thousands of dollars, except for per-trust-unit and number of units)	2002	2001
REVENUES		
Sales of crude oil, natural gas and natural gas liquids	\$ 79,991	\$ 72,539
Crown and other royalties, net of ARTC	(10,666)	(15,651)
Other income	117	102
	<u>69,442</u>	<u>56,990</u>
EXPENSES		
Operating	14,393	8,340
Cash general and administrative	2,635	2,273
Non-cash general and administrative	5,351	5,195
Interest	2,053	1,516
Cash management fees	1,418	1,269
Non-cash management fees	479	483
Depletion, depreciation and amortization	45,895	11,420
	<u>72,224</u>	<u>30,496</u>
Income (loss) before taxes for the period	<u>(2,782)</u>	<u>26,494</u>
Capital taxes	642	58
Future income taxes (recovery)	(9,400)	2,246
	<u>(8,758)</u>	<u>2,304</u>
Net income for the period	<u>\$ 5,976</u>	<u>\$ 24,190</u>
Net income per Trust Unit	<u>\$ 0.05</u>	<u>\$ 0.45</u>
Diluted net income per Trust Unit	<u>\$ 0.04</u>	<u>\$ 0.44</u>

CONSOLIDATED STATEMENTS OF CASH DISTRIBUTIONS (Unaudited)

For the three months ended March 31 (thousands of dollars, except for per-trust-unit and number of units)	2002	2001
Net income for the period	\$ 5,976	\$ 24,190
Add back (deduct) amounts to reconcile to distribution:		
Increase in reserve	(8,737)	(1,841)
Depletion, depreciation and amortization	45,895	11,420
Contribution to reclamation fund	(1,048)	(498)
Non-cash general and administrative	5,351	5,195
Management fees paid in Trust Units	479	483
Future income taxes (recovery)	(9,400)	2,246
	<u>\$ 32,540</u>	<u>\$ 17,005</u>
	<u>\$ 38,516</u>	<u>\$ 41,195</u>
Cash Distributions to Trust Unitholders (99%)	<u>\$ 38,131</u>	<u>\$ 40,783</u>
Cash Distributions per Trust Unit	<u>\$ 0.30</u>	<u>\$ 0.60</u>
Trust Units and exchangeable shares issued and outstanding	132,600,310	102,026,326
Weighted average Trust Units and exchangeable shares outstanding (diluted)	133,252,052	53,846,155



for the Quarter Ended March 31, 2002 (*thousands of dollars except trust unit/share amounts*)

1) SIGNIFICANT ACCOUNTING POLICIES

These interim consolidated financial statements of PrimeWest Energy Trust have been prepared in accordance with Canadian generally accepted accounting principles. The specific accounting principles used are described in the annual consolidated financial statements of the Trust appearing on pages 36 through 53 of the Trust's 2001 annual report and should be read in conjunction with these interim financial statements.

2) AMALGAMATION

Effective January 1, 2002, PrimeWest Oil & Gas Corp. and PrimeWest Energy Inc. and its subsidiaries amalgamated and were continued as PrimeWest Energy Inc. Subsequent to the amalgamation, the common shares of PrimeWest Energy Inc. are 89% owned by the Trust and 11% by PrimeWest Management Inc. The Trust continues to own a royalty entitling it to receive 99% of the net cash flows generated by PrimeWest Energy Inc. The beneficiaries of the Trust are the holders of Trust Units.

3) LONG-TERM DEBT

PrimeWest Energy Inc. and the Trust (as co-borrowers) have a combined revolving credit facility in the amount of \$350 million, with a borrowing base at March 31, 2002 of \$350 million. The facility consists of a revolving term loan of \$325 million and an operating facility of \$25 million. In addition to amounts outstanding under the facility as indicated in the table below, PrimeWest Energy Inc. has outstanding letters of credit in the amount of \$2.8 million. Collateral for the credit facility is provided by a floating-charge debenture covering all existing and after acquired property in the principal amount of \$500 million. Each borrower under the facility has also provided an unconditional full liability guarantee in respect of amounts borrowed under the facility.

Revolving credit facility utilized - current	\$ 63,330
- long-term	136,670
Capital lease obligation	41
	\$ 205,041

Advances under the revolving and operating loan facility are made in the form of Banker's Acceptances (BA's), prime rate loans or letters of credit. In the case of BA's, interest is a function of the BA rate plus a stamping fee based on the Trust's current ratio of debt-to-cash flow. In the case of prime rate loans, interest is generally charged at the bank's prime rate.

The credit facility revolves until May 31, 2002 by which time the lender will have conducted its annual borrowing base review. The lender also has the right to re-determine the borrowing base at one other time during the year. During the revolving phase, the facility has no specific terms of repayment. At the end of the revolving period, the lender has the right to extend the revolving period for a further 364-day period or to convert the facility to a term facility. If the lender converts to a non-revolving facility, the amounts outstanding under the facility become repayable over a three-year period, on a unit of production basis.

Effective January 1, 2002, PrimeWest Energy Inc. has changed the method of accounting for the current portion of long-term debt to comply with the new CICA Emerging Issues Committee Bulletin 122. The



amount of debt which could be required to be repaid within one year from the balance sheet date should the lender convert to a non-revolving facility has been included as a current liability.

4) UNITHOLDERS' EQUITY

PrimeWest Energy Trust

The authorized capital of the Trust consists of an unlimited number of Trust Units.

Trust Units	# of units	Amount
Balance at December 31, 2001	125,965,607	\$ 1,115,275
Issued pursuant to Long-term Incentive Plan	465,311	2,981
Issued pursuant to Dividend Reinvestment Plan	688,750	3,554
Issued for payment for management fees	65,834	419
Issued on exchange of exchangeable shares	226,400	1,308
Balance at March 31, 2002	127,411,902	\$ 1,123,537

The weighted average number of Trust Units and exchangeable shares outstanding for the quarter was 132,102,457. For purposes of calculating diluted net income, 1,149,595 units issuable pursuant to the employee long-term incentive plan were added to the weighted average number. The per unit amount of distributions paid or declared reflects distributions paid for units outstanding on the record dates.

PrimeWest Exchangeable A Shares

In connection with the Cypress acquisition, PrimeWest Oil & Gas Corp. (now amalgamated with PrimeWest Energy Inc.) amended its articles to create an unlimited number of exchangeable shares. The exchangeable shares are exchangeable into PrimeWest Trust Units at any time up to March 29, 2003, based on an exchange ratio that adjusts each time PrimeWest makes a distribution to unitholders. The exchange ratio, which was 1:1 on the date the transaction closed, is based on the total monthly distribution, divided by the closing unit price on the distribution payment date. The exchange ratio, effective March 15, 2002, was 1.30928:1.

Exchangeable shares	# of shares	Amount
Balance at December 31, 2001	3,316,742	\$ 32,338
Exchanged for Trust Units	(65,828)	(642)
Balance at March 31, 2002	3,250,914	\$ 31,696

PrimeWest Exchangeable B Shares

In connection with the acquisition of Venator Petroleum Company Limited, PrimeWest Resources Ltd. (now amalgamated with PrimeWest Energy Inc.) amended its articles to create an unlimited number of exchangeable shares. The exchangeable shares are exchangeable into Trust Units at any time up to 5 years after issuance, based on an exchange ratio that adjusts each time PrimeWest makes a distribution to its unitholders. In certain circumstances, PrimeWest has the right to force redemption prior to the 5 year expiry term. Up to June 30, 2001 dividends were paid to holders of exchangeable shares based on the estimated taxable portion of the monthly distribution paid. The exchange ratio, which was 1:1 on the closing date of the Venator transaction, is based on the total monthly distribution



paid, divided by the closing Trust Unit price on the distribution payment date. The exchange ratio at March 15, 2002 was 1.43272:1.

Exchangeable shares	# of shares	Amount
Balance at December 31, 2001	751,532	\$ 4,960
Exchanged for trust units	(100,986)	(666)
Balance at March 31, 2002	650,546	\$ 4,294

5) TRUST UNIT INCENTIVE PLAN

Under the terms of the Trust Unit Incentive Plan, a maximum of 2,490,000 Trust Units are reserved for issuance pursuant to the exercise of Unit Appreciation Rights (UARs) granted to employees of the Manager. Payouts under the plan are based on total unitholder return, calculated using both the change in the trust unit price as well as cumulative distributions paid. The plan requires that a hurdle return of 5% per annum be achieved before payouts accrue. UARs have a term of up to 6 years and vest equally over a three-year period, except for the independent members of the Board, whose UARs vest immediately. The Board of Directors has the option of settling payouts under the plan in PrimeWest Trust Units or in cash. To date, all payouts under the plan have been in the form of Trust Units.

<i>As at March 31, 2002</i>	UARs issued and outstanding	UARs vested	Current return per UAR	Total Equity	Trust unit dilution
1996 grants	30,000	30,000	\$ 6.62	\$ 199	27,593
1997 grants	241,886	241,886	5.75	1,390	193,104
1998 grants	451,049	451,049	8.29	3,738	519,122
1999 grants	517,250	350,422	5.81	3,008	281,459
2000 grants	875,059	376,447	1.64	1,435	120,063
2001 grants	2,251,110	212,640	0.18	402	8,254
2002 grants	402,864	-	0.32	129	-
	<u>4,766,615</u>	<u>1,662,464</u>	<u>\$ 2.16</u>	<u>\$ 10,301</u>	<u>1,149,595</u>

Cumulative to March 31, 2002, 2,360,149 UARs have been exercised resulting in the issuance of 1,285,321 Trust Units from treasury.

Effective January 1, 2002 the method of accounting for the long-term incentive plan was changed to comply with new CICA accounting standard 3870. The calculation of the long-term incentive liability now includes vested and unvested UARs. Previously, only vested UARs were included. In addition, the long-term incentive liability has been reclassified as equity on the balance sheet as the Trust intends to settle the liability in the form of Trust Units.

PrimeWest Energy Trust
TRADING PERFORMANCE



<i>For the quarter ended</i>	Mar. 31/02	Dec. 31/01	Sep. 30/01	Jun. 30/01	Mar. 31/01
Trust Unit prices (<i>dollars per Trust Unit</i>)					
High	7.23	7.51	8.77	10.54	9.90
Low	5.92	5.95	6.42	8.45	8.72
Close	7.20	6.36	6.46	8.85	9.00
Volume traded (<i>millions of units</i>)	34.48	37.59	37.10	60.42	21.64
Number of Trust Units outstanding (<i>millions of units</i>)	127.4	125.9	115.3	113.6	100.6
Including exchangeable shares (<i>issued in respect of Venator and Cypress acquisitions</i>)	132.6	131.1	120.1	119.1	108.5
Distribution paid per Trust Unit	<u>\$0.30</u>	<u>\$0.44</u>	<u>\$0.61</u>	<u>\$0.66</u>	<u>\$0.60</u>

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