



PRIMEWEST

PRIMEWEST ENERGY TRUST ANNOUNCES DISTRIBUTION TAXABILITY FOR 2004

January 27, 2005

FOR IMMEDIATE RELEASE

CALGARY (TSX: PWI.UN; PWX; PWI.DB.A; PWI.DB.B NYSE: PWI) – PrimeWest Energy Trust (PrimeWest) today announces the taxability breakdown for distributions paid to unitholders in 2004.

Canadian Unitholders:

As announced previously on December 8th, 2004, unitholders were paid total distributions of \$3.315 Canadian per trust unit. For tax filing purposes, unitholders should report total distributions declared of \$3.295 as opposed to distributions paid of \$3.315. The company has determined that 45% of distributions declared, or \$1.48 per trust unit is deemed a tax-deferred return of capital and 55% or \$1.81 per Trust Unit is taxable to Canadian unitholders as “other income” (taxed at the same rate as interest income).

United States and Other Non-Resident Unitholders:

For Unitholders resident in the United States, the taxability of distributions is derived using U.S. tax rules, which permit the deduction of Crown royalties and accounting-based depletion. In the case of a U.S. resident, 45% of the distributions are taxable as a “qualified dividend” with the remaining 55% treated as a tax-deferred return of capital.

Investors who do not qualify as residents of Canada for income tax purposes should seek advice from a qualified tax advisor in their country of residence regarding the tax treatment of the distributions paid by PrimeWest. Monthly distributions payable to non-residents of Canada are normally subject to a withholding tax of 25% as prescribed by the Canadian Income Tax Act. However, the level of withholding tax may be reduced in accordance with reciprocal tax treaties. In the case of the Canada – United States Tax Convention, U.S. residents are subject to a 15% withholding tax on the distributions paid by PrimeWest.

For further information on taxability of distributions paid by PrimeWest, please refer to the Taxation section of our website at www.primewestenergy.com and your qualified tax advisor.

PrimeWest is a Calgary-based conventional oil and gas royalty trust that actively acquires, develops, produces, and sells natural gas, crude oil, and natural gas liquids for the generation of monthly cash distributions to unitholders. Trust units of PrimeWest are traded on the Toronto Stock Exchange (TSX) under the symbol "PWI.UN" and on the New York Stock Exchange under the symbol "PWI". Exchangeable shares of PrimeWest Energy Inc. are listed on the TSX under the symbol "PWX". Five-year convertible debentures of PrimeWest trade on the TSX under the symbol "PWI.DB.A" and the seven-year convertible debentures trade under the symbol "PWI.DB.B".

PWI
LISTED
NYSE

SUITE 4700, 150 – 6TH AVENUE S.W.
CALGARY, ALBERTA CANADA T2P 3Y7
TELEPHONE: (403) 234-6600
FACSIMILE: (403) 266-2825



P R I M E W E S T

For Investor Relations inquiries, please contact:

George Kesteven

Manager, Investor Relations
403-699-7367

Toll-free: 1-877-968-7878

e-mail: investor@primewestenergy.com

Diane Zuber

Investor Relations Advisor
403-699-7356

PWI
LISTED
NYSE

SUITE 4700, 150 – 6TH AVENUE S.W.
CALGARY, ALBERTA CANADA T2P 3Y7
TELEPHONE: (403) 234-6600
FACSIMILE: (403) 266-2825