



PRIMEWEST

PrimeWest Energy Trust
6.5% Convertible Unsecured Subordinated Debentures
due January 31, 2012
Term Sheet

Issuer: PrimeWest Energy Trust (the "Trust")

Offering: Convertible Unsecured Subordinated Debentures (the "Series III Debentures").

Offering Size: \$200,000,000 (\$230,000,000 if option is fully exercised)

Concurrent Offerings: \$151,450,00 of Trust Units. (\$174,167,500 if option is fully exercised)

Price: \$1,000 per Series III Debenture.

Issue Type: Bought underwritten public issue, eligible for sale in all provinces of Canada to a short-form prospectus. U.S. sales via Section 4(2) and internationally as permitted.

Maturity Date: January 31, 2012 (approximately 5 years).

Use of Proceeds: The net proceeds of the Offering will be to repay indebtedness outstanding as at October 31, 2006.

Coupon: 6.5% per annum, payable semi-annually on July 31st and January 31st of each year, commencing on July 31, 2007. The Trust shall have the option to pay such interest by delivering Trust Units of the Trust to a Trustee for sale, in which event holders of the Debentures will be entitled to receive a cash payment equal to the interest owed from the proceeds of the sale of the requisite number of Trust Units by the Trustee.

Conversion: The Debentures will be convertible into fully paid and non-assessable Trust Units at the option of the holder at any time prior to the close of business on the earlier of Maturity and the business day immediately preceding the date specified by the Trust for redemption of the Debentures at a conversion price of \$26.25 per Trust Unit (being a conversion rate of 38.0952 Trust Units per \$1,000 principal amount of Debentures). Holders converting their Debentures will receive accrued and unpaid interest thereon.

Reference Price: \$23.30 per Trust Unit on the Toronto Stock Exchange.

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- Redemption:** The Debentures will not be redeemable at the option of the Trust on or before January 31, 2010. (except in limited circumstances) On or after February 1, 2010 and prior to Maturity, the Debentures may be redeemed in whole or in part from time to time at the option of the Trust on not more than 60 days and not less than 30 days prior notice, at a price of \$1,050 per Debenture on or after February 1, 2010 and on or before January 31, 2011 and at a price of \$1,025 per Debenture on or after February 1, 2011 and before Maturity, plus accrued and unpaid interest.
- Payment Upon Maturity or Redemption** On Redemption or Maturity, the Trust may, at its option, on not more than 60 days and not less than 30 days prior notice and subject to regulatory approval, elect to satisfy its obligation to repay each \$1,000 principal amount of and premium (if any) on the Debentures then maturing or being redeemed by issuing and delivering that number of freely tradable Trust Units obtained by dividing such principal and premium (if any) by 95% of the weighted average trading price of the Trust Units on the Toronto Stock Exchange for the 20 consecutive trading days ending five trading days preceding the date fixed for Redemption or Maturity, as the case may be.
- Issuance Test:** The Trust shall not issue additional debentures of equal ranking if the principal amount of all issued and outstanding convertible debentures exceeds 25% of the Total Market Capitalization immediately after the issuance of such additional convertible debentures. Total Market Capitalization equals the total principal amount of all issued and outstanding convertible debentures plus the amount obtained by multiplying the number of issued and outstanding Trust Units multiplied by the weighted average trading price of the Trust Units on the Toronto Stock Exchange for the 20 consecutive trading days preceding the date of such calculation.
- Change of Control:** Upon a change of control involving the acquisition of voting control or direction over 66 2/3% or more of the Trust Units, the Trust will be required to make an offer to purchase the Debentures then outstanding at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest.

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- Subordination: The payment of the principal and premium (if any) of, and interest on, the Debentures will be subordinated in right of payment to the prior payment in full of all Senior Indebtedness of the Trust. "Senior Indebtedness" of the Trust will be defined as the principal of and premium, if any, and interest on and other amounts in respect of all indebtedness of the Trust. The debentures will rank pari passu with the Trust's existing convertible unsecured subordinated debentures.
- Eligibility: Eligible under the usual Canadian statutes as well as for RRSPs, RRIFs, RESPs and DPSPs.
- Listing: An application will be made to list the Debentures and the Trust Units to be acquired upon conversion, redemption or maturity on the Toronto Stock Exchange. The Trust Units are listed on the Toronto Stock Exchange under the symbol PWI.UN and on the NYSE under the symbol PWI. The Trust's existing Debentures are listed on the TSX under the symbols PWI.DB.A and PWI.DB.B.
- Conditions: See Schedule A, attached, for detailed terms and conditions.
- Lead Underwriters: Scotia Capital Inc. and CIBC World Markets Inc.
- Syndicate: Subject to the formation of a mutually agreeable syndicate.
- Commission: 4.0% payable upon Closing.
- Closing: January 11, 2007