

PRIMEWEST 3

CALGARY, November 21, 2002 (TSX: PWI.UN, PWX; NYSE: PWI) -- PrimeWest Energy Trust (PrimeWest) today announced unaudited interim operating and financial results for the third quarter.

**PRIMEWEST ENERGY TRUST PRODUCTION ON TARGET FOR Q3;
CASH FLOW \$1.21 PER UNIT**

THIRD QUARTER HIGHLIGHTS

- Cash flow from operations of \$40.8 million (\$1.21 per trust unit) compared to \$40.2 million (\$1.21 per trust unit) for the second quarter. Higher production volumes and hedging gains were offset by lower natural gas prices.
- Distributions unchanged at \$1.20 per unit for the quarter; represents a trailing cash-on-cash yield of 19%.
- Effective August 16, 2002, trust units were consolidated on a 4 for 1 basis.
- Production averaged 30,169 barrels of oil equivalent per day (BOE/day) for the third quarter, 2% better than the second quarter result.
- Operating expenses were \$5.38 per BOE for the third quarter compared to \$5.44 for the second quarter.
- Cash general and administrative expenses fell to \$0.88 per BOE for the third quarter, from \$1.08 in the second quarter.
- Net debt increased to \$270.9 million at September 30, 2002 from \$240.9 million at June 30, 2002. Property acquisitions and capital development totaled \$38.1 million in the quarter.

SUBSEQUENT EVENTS

- October 23, 2002 – Announced planned succession of Don Garner to the office of Chief Executive Officer and plan to add two additional independent directors no later than the next annual general meeting.
- November 4, 2002 – Unitholders approved the internalization of management effective October 1, 2002.
- November 13, 2002 – PrimeWest closed an equity offering of 4.2 million trust units for net proceeds of \$104.5 million.
- November 19, 2002 – PrimeWest trust units listed on the New York Stock Exchange, trading symbol PWI.

CASH FLOW RECONCILIATION (thousands)

Second quarter cash flow	\$40,226
Production volumes	1,532
Commodity prices	(5,827)
Hedging gains	4,353
Other	557
Third quarter cash flow	<u>\$40,841</u>



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 commodity-based business environment.



FINANCIAL & OPERATING HIGHLIGHTS

Note: All unit and per unit figures have been restated to reflect the 4 for 1 unit consolidation effective August 16, 2002

FINANCIAL HIGHLIGHTS

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

	Three months ended			Nine months ended	
	Sep. 30, 2002	Jun. 30, 2002	Sep. 30, 2001	Sep. 30, 2002	Sep. 30, 2001
Net revenue	\$63,814	\$62,198	\$83,105	\$195,454	\$228,068
Per BOE	23.00	23.13	26.69	23.58	29.05
Cash flow from operations	40,841	40,226	55,907	129,367	161,265
Per BOE	14.71	14.95	17.94	15.61	20.54
Royalty expense	13,997	14,566	16,265	39,229	59,566
Per BOE	5.04	5.41	5.22	4.73	7.59
Operating expenses	14,931	14,639	17,719	43,964	41,763
Per BOE	5.38	5.44	5.69	5.30	5.32
G&A expenses - Cash	2,436	2,915	2,794	7,986	7,863
Per BOE	0.88	1.08	0.90	0.96	1.00
- UAR's ⁽¹⁾	(940)	1,623	(6,146)	6,032	1,343
Per BOE	(0.34)	0.60	(1.97)	0.73	0.17
Interest expense	3,014	2,530	3,997	7,597	10,627
Per BOE	1.09	0.94	1.28	0.92	1.35
Management fees - Cash	1,300	1,264	1,633	3,982	4,764
Per BOE	0.47	0.47	0.52	0.48	0.61
- Non-cash	449	485	390	1,413	1,401
Per BOE	0.16	0.18	0.13	0.17	0.18
Cash distributed to unitholders	38,818	38,418	69,764	115,366	180,836
Per Trust Unit	1.20	1.20	2.44	3.60	7.48
Cash flow from operations					
Per Trust Unit ⁽³⁾	1.26	1.24	1.96	4.04	6.67
Net debt ⁽²⁾	270,859	240,913	310,355	270,859	310,355
Per Trust Unit	8.01	7.20	10.30	8.01	10.30

(1) Unit Appreciation Rights

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

(3) Based on trust units at date of distribution

OPERATING HIGHLIGHTS

	Three months ended			Nine months ended	
	Sep. 30, 2002	Jun. 30, 2002	Sep. 30, 2001	Sep. 30, 2002	Sep. 30, 2001
Daily sales volumes					
Natural gas (MMcf/day)	115.5	111.1	121.3	113.3	99.8
Crude oil (bbls/day)	8,975	8,990	11,216	9,399	9,901
Natural gas liquids (bbls/day)	1,950	2,055	2,414	2,081	2,217
Total (BOE/day)	30,169	29,559	33,849	30,362	28,751
Realized Commodity Prices ⁽¹⁾ (Cdn \$)					
Natural gas (\$/Mcf)	4.07	4.47	5.32	4.37	6.56
Crude oil (\$/bbl)	35.97	32.96	33.15	33.61	32.82
Natural gas liquids (\$/bbl)	28.09	25.77	28.71	24.76	34.08
Total (\$ per BOE)	28.09	28.61	32.09	28.40	36.70

(1) Includes hedging gains (losses)



The following discussion is management's analysis of PrimeWest's operating and financial results for the quarter ended September 30, 2002 compared with the previous quarter and the third quarter of 2001 as well for the nine-month periods ended September 30, 2002 and September 30, 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	YEAR-TO-DATE 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 (RLI). 	<ul style="list-style-type: none"> - Low commodity price cycle short-lived. Acquired Ells property in third quarter and announced planned acquisition of Caroline property for a total of \$45.7 million. - Development program successful in adding reserves and production. RLI is measured annually.
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 at 30,362 BOE/day year-to-date, ahead of target range of 29,000-30,000 BOE/day. - Year-to-date development success with 53 gross wells drilled at an 87% success rate. - Year-to-date, per BOE costs of \$5.30, below the \$5.42 full year 2001 result.
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 1.7 times at September, 30 2002 from 1.5 times at June 30, 2002. Net debt per trust unit \$8.01 at September 30, 2002 compared to \$6.88 at December 31, 2001.
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 \$0.40 per month since January of 2002.

**PRODUCTION VOLUMES**

	Three months ended			Nine months ended	
	Sep. 30, 2002	Jun. 30, 2002	Sep. 30, 2001	Sep. 30, 2002	Sep. 30, 2001
Natural gas (MMcf/day)	115.5	111.1	121.3	113.3	99.8
Crude oil (bbls/day)	8,975	8,990	11,216	9,399	9,901
Natural gas liquids (bbls/day)	1,950	2,055	2,414	2,081	2,217
Total (BOE/day)	30,169	29,559	33,849	30,362	28,751
Gross Overriding Royalty volumes included above (BOE/day)	1,560	1,571	1,787	1,757	1,910

Production volumes increased 2% in the third quarter compared to the second quarter of 2002.

Natural gas production volumes increased 4% quarter over quarter, reflecting the success of our natural gas development drilling program, particularly at Dawson. Second quarter scheduled turnarounds for facility maintenance as well as other planned and unplanned production outages reduced second quarter production by approximately 800 BOE/day. The Ells acquisition in mid-September, contributed approximately 50 BOE/day to the third quarter result.

Oil volumes fell slightly from second quarter levels, reflecting natural decline as substantially all of our 2002 development program is focused on natural gas.

Whiskey Creek natural gas and NGL production went off-line in May as a result of a pipeline failure. PrimeWest does not expect Whiskey Creek to be back on-line before the first quarter of 2003. At Dawson (Normandville), oil production remains restricted and is not expected back on-line before the first quarter of 2003. A total of approximately 1,000 BOE/day of production is off-line as a result of these non-operated production outages.

Compared to the third quarter of 2001, volumes are lower, primarily as a result of property dispositions, approximately 3,000 BOE/day, in the second half of 2001 as well as the outages noted above. On a year to date basis, volumes are higher in 2002 reflecting nine months of Cypress operations compared to only six months in 2001.

PRODUCTION OUTLOOK

PrimeWest's initial guidance for 2002 was for production to average 29,000-30,000 BOE/day for the full year. That guidance was revised in September of 2002 to meet or exceed 30,000 BOE/day for the full year.

PrimeWest maintains its guidance that it expects full year volumes to meet or exceed an average of 30,000 BOE/day of production.

**REALIZED COMMODITY PRICES**

Benchmark prices	Three months ended			Nine months ended	
	Sep. 30, 2002	Jun. 30, 2002	Sep. 30, 2001	Sep. 30, 2002	Sep. 30, 2001
Natural gas (\$/Mcf AECO)	3.25	4.42	3.25	3.67	7.30
Crude oil (\$U.S./bbl WTI)	28.27	26.25	26.76	25.39	27.81

Average PrimeWest realized selling prices	Three months ended			Nine months ended	
	Sep. 30, 2002	Jun. 30, 2002	Sep. 30, 2001	Sep. 30, 2002	Sep. 30, 2001
Natural gas (\$/Mcf)	4.07	4.47	5.32	4.37	6.56
Crude oil (\$/bbl)	35.97	32.96	33.15	33.61	32.82
Natural gas liquids (\$/bbl)	28.09	25.77	28.71	24.76	34.08
Total Oil Equivalent (\$ per BOE)	28.09	28.61	32.09	28.40	36.70
Realized hedging gain (loss) included in prices above (\$ per BOE)	2.85	1.09	5.58	3.71	1.39

Despite a \$1.17 per mcf or 26% decline in the benchmark AECO spot price, realized prices for natural gas, including hedging gains, fell only \$0.40 per mcf or 9% from second quarter levels. PrimeWest's hedging program delivered a \$10.3 million gain on natural gas sales revenues for the third quarter, equal to \$0.97 per mcf or \$5.79 per BOE.

Benchmark crude oil prices improved U.S. 2.02 per barrel or 8% in the third quarter compared to the second quarter of 2002. PrimeWest's realized price improved by 9% quarter over quarter, despite \$2.4 million or \$2.85 per barrel in lost crude oil sales revenue as a result of the hedging program.

Natural gas liquids prices increased by \$2.32 per barrel or 9% in the third quarter, reflecting the increase in crude oil prices.

SALES REVENUE ⁽¹⁾

(\$ thousands)

	Three months ended			Nine months ended	
	Sep. 30, 2002	Jun. 30, 2002	Sep. 30, 2001	Sep. 30, 2002	Sep. 30, 2001
Natural gas	43,225	45,186	59,342	135,056	178,713
Crude oil	29,703	26,962	34,208	86,249	88,716
Natural gas liquids	5,040	4,820	6,374	14,068	20,622
Total	77,968	76,968	99,925	235,373	288,051
Hedging gains ⁽²⁾ included above	7,902	2,928	17,369	30,758	10,886

(1) Excludes sulphur

(2) Net of amortized premiums

Revenues were little changed in the third quarter compared to the second quarter. Higher production volumes and increased hedging gains were offset by significantly lower natural gas prices.

Compared to the first nine months of 2001, revenues were lower as the benefit of full year to date Cypress volumes was more than offset by significantly weaker prices.



Natural gas hedging gains offset by crude oil hedging losses, totalled \$7.9 million for the third quarter of 2002, bringing the aggregate gain on a year to date basis to \$30.8 million (\$0.93 per trust unit). This compares with \$10.9 million of gains (\$0.43 per trust unit) for the nine-month period ended September 30, 2001.

PRICE OUTLOOK

The following table sets forth benchmark future commodity prices.

Benchmark commodity prices	Past Four Quarters (Actual)				Next Four Quarters (Forward Markets) ⁽¹⁾			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	2001	2002	2002	2002	2002	2003	2003	2003
Natural gas								
NYMEX (\$U.S./Mcf)	2.50	2.38	3.37	3.26	4.00	4.26	3.96	3.94
AECO (\$Cdn/Mcf)	3.30	3.34	4.42	3.25	5.40	5.95	5.42	5.37
Crude oil WTI (\$U.S./bbl)	20.43	21.64	26.25	28.27	26.72	25.05	24.46	24.01

(1) As at November 19, 2002

Crude oil pricing has come under a degree of downward pressure, after achieving daily highs of WTI \$U.S. 30.00 per barrel in the third quarter, as a result of two recent developments. Some of the war risk premium appears to have been taken out of forward pricing. Secondly, while crude oil inventories are still on the low end of historical averages for this time of year, key OPEC members have been steadily increasing their levels of overproduction against designated quotas such that the market is anticipating a build in inventory levels over the next several weeks. Developments regarding Iraq and crude inventory levels over the next number of months will continue to dictate future pricing direction.

The forward market for crude oil indicates future prices in steady decline over the next four quarters. The forward market for WTI averaged for the next 12 months is \$U.S. 25.06 per barrel, compared to \$U.S. 28.27 per barrel for the third quarter 2002.

Natural gas pricing has enjoyed a significant recovery over the past quarter as a result of significant hurricane activity in the Gulf of Mexico affecting supply, and also due to a much hotter than normal summer in the key regions of the U.S. and Canada that resulted in a higher demand for gas fired electrical generation to run air conditioning units. Despite these developments, storage in both the U.S. and Canada are at near record levels heading into the winter heating season. This high storage level combined with low industrial demand in the U.S. due to low economic activity will be pitted against a declining supply base as a result of lower drilling activity as we exit 2002. Given these balanced and competing forces, winter weather demand will ultimately influence pricing in the near term.

The forward market for natural gas indicates stronger pricing throughout the next four quarters. The forward market for AECO averaged for the next twelve months is \$5.54 per mcf, compared to \$3.25 per mcf for the third quarter 2002.

**ROYALTIES**

(\$ thousands)

	Three months ended			Nine months ended	
	Sep. 30, 2002	Jun. 30, 2002	Sep. 30, 2001	Sep. 30, 2002	Sep. 30, 2001
Royalty expense	13,997	14,566	16,265	39,229	59,566
Per BOE	5.04	5.41	5.22	4.73	7.59
Royalties as % of sales revenue					
- including hedging	18.0%	18.9%	16.3%	16.7%	20.7%
- excluding hedging	20.0%	19.8%	19.7%	19.3%	21.5%

Royalty expense and the royalty rate fell nominally in the third quarter compared to the second quarter of 2002 as a result of lower natural gas prices. Hedging gains do not attract royalties.

The 2001 nine months ended royalty rates reflect significantly higher natural gas prices.

OPERATING EXPENSES

(\$ thousands)

	Three months ended			Nine months ended	
	Sep. 30, 2002	Jun. 30, 2002	Sep. 30, 2001	Sep. 30, 2002	Sep. 30, 2001
Operating expenses	14,931	14,639	17,719	43,964	41,763
Per BOE	\$5.38	\$5.44	\$5.69	\$5.30	\$5.32

Operating expenses per BOE declined quarter over quarter in part due to a 2% increase in production levels.

OPERATING EXPENSES OUTLOOK

Operating costs for the fourth quarter are expected to be marginally higher than the third quarter of 2002, due to anticipated increases in processing fees at third party operated facilities.

OPERATING MARGIN

(\$ per BOE)

	Three months ended			Nine months ended	
	Sep. 30, 2002	Jun. 30, 2002	Sep. 30, 2001	Sep. 30, 2002	Sep. 30, 2001
Sales price ⁽¹⁾	\$ 28.04	\$ 28.53	\$ 31.91	\$ 28.31	\$ 36.66
Royalties	5.04	5.41	5.22	4.73	7.59
Operating costs	5.38	5.44	5.69	5.30	5.32
Operating margin	\$ 17.62	\$ 17.68	\$ 21.00	\$ 18.28	\$ 23.75

(1) Including hedging gains and sulphur losses

Operating margin fell slightly from the second quarter level reflecting lower natural gas prices offset by higher crude oil prices, and increased hedging gains, which have no related royalties, and lower operating costs.

The decrease compared to the 2001 nine months ended figures reflects a significant decline in natural gas and natural gas liquids prices.

**CASH G&A EXPENSES AND MANAGEMENT FEES**

(\$ thousands)

	Three months ended			Nine months ended	
	Sep. 30, 2002	Jun. 30, 2002	Sep. 30, 2001	Sep. 30, 2002	Sep. 30, 2001
Cash G&A Expenses	\$ 2,436	\$ 2,915	\$ 2,794	\$ 7,986	\$ 7,863
Per BOE	0.88	1.08	0.90	0.96	1.00
Cash Management Fees	1,300	1,264	1,633	3,982	4,764
Per BOE	0.47	0.47	0.52	0.48	0.61

Cash G&A expenses fell 16% quarter over quarter. The decrease is attributable to overhead recoveries related to prior periods being booked during the third quarter.

Cash management fees were little changed quarter over quarter in line with little change in operating cash flow. Compared to third quarter and nine months of 2001, cash management fees are lower in 2002 reflecting lower netbacks.

CASH G&A EXPENSES AND MANAGEMENT FEES OUTLOOK

Fourth quarter cash G&A expenses are expected to increase as a result of one time costs associated with the New York Stock Exchange listing and the internalization of management.

On November 4, 2002, unitholders approved the internalization of management effective October 1, 2002. Accordingly, there will be no cash management fees after that date.

UNIT APPRECIATION RIGHTS EXPENSE AND NON-CASH MANAGEMENT FEES

(\$ thousands)

	Three months ended			Nine months ended	
	Sep. 30, 2002	Jun. 30, 2002	Sep. 30, 2001	Sep. 30, 2002	Sep. 30, 2001
Unit Appreciation Rights Expense	\$ (940)	\$ 1,623	\$ (6,146)	\$ 6,032	\$ 1,343
Non-cash Management Fees	449	485	390	1,413	1,401
Total	\$ (491)	\$ 2,108	\$ (5,756)	\$ 7,445	\$ 2,744
Per BOE	\$ (0.18)	\$ 0.78	\$ 1.85	\$0.90	\$0.35

It is PrimeWest's practice to expense the cost of the Unit Appreciation Rights (UARs) under the Trust's long-term incentive program. UARs are similar to stock options in a conventional business. The UARs are marked-to-market each quarter and the impact is recognized as an expense or recovery in the income statement of the Trust.

The recovery in the third quarter of each of 2002 and 2001 reflects a decline in PrimeWest's unit price quarter-over-quarter. For the year to date in 2002, the increase over 2001 reflects a strengthening unit price in 2002 together with the effect of 2002 distributions, net of the 5% total unitholder return (unit price plus distributions reinvested) hurdle rate minimum return that must be achieved before the UAR's are in the money.



UNIT APPRECIATION RIGHTS EXPENSE AND NON-CASH MANAGEMENT FEES OUTLOOK

On November 4, 2002, unitholders approved the internalization of management effective October 1, 2002. Accordingly, there will be no non-cash management fees after that date.

INTEREST EXPENSE

(\$ thousands)

	Three months ended			Nine months ended	
	Sep. 30, 2002	Jun. 30, 2002	Sep. 30, 2001	Sep. 30, 2002	Sep. 30, 2001
Interest expense on credit facility	\$ 2,779	\$ 2,530	\$ 3,997	\$ 7,308	\$ 10,627
Period end net debt level	270,859	240,913	310,355	270,859	310,555
Debt per Trust Unit	8.01	7.20	10.30	8.01	10.30
Average cost of debt - %	4.5%	4.5%	5.3%	4.3%	6.0%

Interest expense increased quarter-over-quarter reflecting increasing debt levels through the quarter. On a per unit basis, debt increased modestly quarter-over-quarter, and was down 22% from a year earlier.

At September 30, 2002, approximately 70% of the debt was at a floating rate, with the balance at a fixed rate.

Debt levels were higher in 2001 as a result of the Cypress acquisition.

DEPLETION, DEPRECIATION AND AMORTIZATION (DD&A)

(\$ thousands)

	Three months ended			Nine months ended	
	Sep. 30, 2002	Jun. 30, 2002	Sep. 30, 2001	Sep. 30, 2002	Sep. 30, 2001
Depletion, depreciation & amortization	\$ 45,954	\$ 45,212	\$ 48,863	\$ 137,061	\$ 110,562
Per BOE	\$16.56	\$16.80	\$15.69	\$16.49	\$14.05

Compared to a year ago, the third quarter DD&A is lower reflecting reduced production volumes as a result of asset dispositions late in 2001.

The DD&A rate is inflated relative to the acquisition cost of certain reserves due to the requirement to account for future income tax liabilities associated with the acquisition of those reserves. The offset is in the income tax recovery.

Absent this tax adjustment, the DD&A rate would be lower by approximately \$3.00 per BOE.

For the nine months ended September 30, the 2002 figures reflect a full nine months of Cypress activity versus only six months in 2001.

**CEILING TEST**

PrimeWest has performed a ceiling test using commodity prices as at the measurement date of September 30, 2002. Using September 30, 2002 commodity prices of AECO \$4.83 per mcf for natural gas and WTI U.S. \$30.45 per barrel of oil would result in a cushion of approximately \$500 million.

INCOME AND CAPITAL TAXES

(\$ thousands)

	Three months ended			Nine months ended	
	Sep. 30, 2002	Jun. 30, 2002	Sep. 30, 2001	Sep. 30, 2002	Sep. 30, 2001
Capital taxes	\$ 1,292	\$ 624	\$ 1,055	\$ 2,558	\$ 1,786
Future income taxes recovery	(12,800)	(900)	(11,050)	(23,100)	(34,313)
	<u>\$ (11,508)</u>	<u>\$ (276)</u>	<u>\$ (9,995)</u>	<u>\$ (20,542)</u>	<u>\$ (32,527)</u>

The future income tax recovery for the third quarter of 2002 has increased in comparison to the second quarter due to an adjustment to the tax rate. The second quarter 2002 tax recovery reflects adjustments upon the filing of the 2001-year end tax returns. The decrease in the income tax recovery for the first nine months of 2002 compared to the same period in 2001 is the result of lower income before tax.

NET INCOME

(\$ thousands)

	Three months ended			Nine months ended	
	Sep. 30, 2002	Jun. 30, 2002	Sep. 30, 2001	Sep. 30, 2002	Sep. 30, 2001
Net income	<u>\$ 8,178</u>	<u>\$ (6,194)</u>	<u>\$ 23,850</u>	<u>\$ 7,961</u>	<u>\$ 82,272</u>

Net income for the three months ended September 30, 2002 is lower than the same period in 2001 reflecting lower realized commodity prices and lower volumes.

Net income for the nine months ended September 30, 2002 is lower than 2001 again reflecting significantly lower realized commodity prices. The impact of the lower commodity prices is offset by higher sales volumes which increased operating costs and DD&A.

LIQUIDITY AND CAPITAL RESOURCES

(\$ thousands)

	As at		
	Sep. 30, 2002	Jun. 30, 2002	Sep. 30, 2001
Long-term debt	255,000	235,000	300,000
Working capital deficit	15,859	5,913	10,355
Net debt	270,859	240,913	310,355
Market value of Trust Units and exchangeable shares outstanding	894,000	966,985	755,850
Total capitalization	1,164,859	1,207,898	1,066,205
Net debt as a % of total capitalization	<u>23.25%</u>	<u>19.94%</u>	<u>29.11%</u>



Net debt increased in the quarter reflecting the acquisition of a gas property at Ells and capital development expenditures for a total of \$38.1 million. Proceeds from the DRIP program, \$7.2 million, and minor dispositions, \$0.9 million, partially funded this investment activity.

Unutilized credit facilities were \$39 million at September 30, 2002, compared to \$69 million at June 30, 2002. The credit facility was reduced during the second quarter to \$310 million from \$350 million, reflecting significant property dispositions in late 2001 and reduced commodity pricing assumptions.

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

EQUITY ISSUE

On November 13, 2002, PrimeWest received net proceeds of \$104.5 million from the issuance of 4.2 million trust units. The proceeds were used in part to reduce indebtedness incurred to acquire properties and for the Phase II portion (\$30 million) of the 2002 capital development program. The balance of the proceeds, also applied to reduce indebtedness, are expected to be used for acquisitions and for a portion of the 2003 capital development program.

CAPITAL SPENDING

(\$ thousands)

Three months ended			Nine months ended	
Sep. 30, 2002	Jun. 30, 2002	Sep. 30, 2001	Sep. 30, 2002	Sep. 30, 2001
<u>11,928</u>	<u>12,415</u>	<u>30,082</u>	<u>49,217</u>	<u>53,645</u>

Capital spending during the third quarter and first nine months of 2002 is in line with the Trust's commitment to invest approximately \$70 million during 2002 in capital development activities.

PrimeWest's capital development program continues to yield results in line with expectations. PrimeWest participated in the drilling of 14 gross (6.2 net) wells in the third quarter with a 75% success rate. On a year-to-date basis, 53 gross (31.5 net) wells have been drilled, achieving an 87% success rate. The major areas of development activity in the first nine months of the year included Dawson and Brant Farrow.

On September 16, 2002, PrimeWest completed the acquisition of a working interest in the Ells/Tarr area of Northeastern Alberta. In the fourth quarter of 2002, PrimeWest has also executed a binding letter of intent for the acquisition of an additional interest in the Caroline area of Alberta. PrimeWest expects to transfer its interest in the Tar area of the vendor of the Caroline interest as partial consideration for this purchase.

The aggregate net cost to PrimeWest of these acquisitions is approximately \$45.7 million. On an aggregate basis, these acquisitions will increase PrimeWest's daily production by 1,565 BOE/day and Established Reserves by 5.11 mmmboe. The purchase price represents a reserve acquisition cost of \$8.94 per BOE established, \$9.40 per BOE proved and a production acquisition cost of \$29,200 per BOE/day. The reserve life index is 9 years based on established reserves.

PrimeWest expects that internally generated retained cash flow, proceeds from the DRIP and the Optional Trust Unit Purchase programs, unutilized credit facilities and the proceeds from the equity



offering, which closed on November 15, 2002 will be sufficient to fund the remainder of the 2002 capital development program.

HEDGING PROGRAM

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

	<u>Q4 2002</u>	<u>2003</u>
Crude Oil	70%	41%
Natural Gas	68%	57%
Mark-to-market gain (loss) (millions)	(\$3.9)	(\$6.5)

The mark-to-market valuation of these hedges was a \$10.4 million loss at September 30, 2002, consisting of a \$3.8 million loss in crude oil and \$6.6 million loss in natural gas.

A summary of contracts in place as at September 30, 2002 is as follows:

Crude Oil (Basis U.S.\$/bbl)

Period	Volume (bbl/d)	Type	WTI Price (U.S.\$/bbl)
Oct - Dec 2002	2,000	Swap	24.45
Jan - Dec 2002	1,000	Costless Collar	20.00/25.15
Jan - Dec 2002	1,000	Swap	24.58
Jul - Dec 2002	1,000	Costless Collar	20.50/24.95
Oct - Dec 2002	350	Costless Collar	22.00/28.15
Apr - Dec 2003	1,000	3 Way	17.00 / 20.50 / 25.50
Jan - Jan 2003	500	Swap	28.95
Jan - Mar 2003	1,000	Purchase Call	34.00
Jan - Mar 2003	1,000	Costless Collar	21.00/27.70
Jan - Mar 2003	1,000	Costless Collar	20.50/25.50
Jan - Mar 2003	500	Costless Collar	22.00/30.01
Jan - Mar 2003	500	Swap	27.28
Jan - Jun 2003	1,000	Costless Collar	18.50 / 22.50 / 27.20
Apr - Apr 2003	500	Swap	27.20
Apr - June 2003	500	Costless Collar	22.00/30.10
Jul - Dec 2003	1,000	3 Way	18.50 / 22.50 / 27.20

Natural Gas (Basis Cdn\$/Mcf)

Period	Volume (MMcf/d)	Type	AECO Price (Cdn\$/Mcf)
Apr - Oct 2002	4.7	Fixed Price	6.50
Apr - Oct 2002	18.9	Swap	5.28
Apr - Oct 2002	18.9	Swap	5.28
Apr - Oct 2002	9.5	Swap	4.39
Nov 2002 - Mar 2003	4.7	Costless Collar	4.22 by 5.96
Nov 2002 - Mar 2003	4.7	3 Way	3.17 / 4.48 / 6.59
Nov 2002 - Mar 2003	4.7	3 Way	3.17 / 3.96 / 5.46
Nov 2002 - Mar 2003	4.7	3 Way	4.22 / 5.28 / 7.04
Nov 2002 - Mar 2003	4.7	Swap	5.43



Period	Volume (MMcf/d)	Type	AECO Price (Cdn\$/Mcf)
Apr - Oct 2003	4.7	Fixed Price	4.75
Apr - Oct 2003	4.7	Swap	5.05
Apr - Oct 2003	4.7	3 Way	3.17 / 4.48 / 6.26
Apr - Oct 2003	4.7	3 Way	3.17 / 3.96 / 5.39
Apr - Oct 2003	4.7	3 Way	3.69 / 4.75 / 6.65
Nov 2002 - Oct 2004	9.5	3 Way	3.17 / 4.22 / 6.09
Jan 2002 - Oct 2003	4.7	Swap	3.98
Jan 2002 - Oct 2003	4.7	Swap	4.17
Nov - Dec 2002	4.7	Swap	5.49
Jan - Mar 2003	4.7	Costless Collar	5.28/6.35

A 3-way option is like a traditional collar, except that PrimeWest has resold the put at a lower price. Utilizing the first 3-way 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.

Natural Gas Swaps (\$US/mcf)

Period	Volume (MMcf/d)	Type	AECO Price Differential (\$US/Mcf)
Nov. 2002 - March 2003	5.0	Basis Swap	0.425
April 2003 - October 2003	5.0	Basis Swap	0.450

The AECO basis is the difference between the NYMEX gas price in \$US per mcf and the AECO price in \$US per mcf. Using the first basis swap above as an example, PrimeWest has fixed this price difference between the two markets at \$US 0.425 per mcf for the winter period. If the NYMEX price for the winter period turned out to be \$US 4.00 per mcf, PrimeWest would receive an AECO equivalent price of \$US 3.575 per mcf.

CORPORATE GOVERNANCE

On October 23, 2002 the Board of Directors announced the previously intended succession of Donald A. Garner to the positions of President and Chief Executive Officer. Mr. Kent MacIntyre, PrimeWest's present CEO and Vice-chairman will become a non-executive member of the Board of Directors. Although the terms of this succession have not been finalized, it is the intention of the Board to complete this succession before the Annual General Meeting of Unitholders to be held in the spring of 2003.

In an effort to proactively advance the governance of PrimeWest, the Board has also resolved to recruit two additional independent directors as soon as practicable and in any event at the time of the Annual General Meeting of Unitholders in the spring of 2003.



UNIT CONSOLIDATION AND ODD LOT PROGRAM

On August 16, 2002, the issued and outstanding Trust Units were consolidated on a four-to-one basis (the "Consolidation"). The Consolidation was effected at a ratio of four-to-one following PrimeWest's determination that such a ratio would best ensure that the trading price range of the Trust Units was attractive to investors on both the NYSE and the TSX. Fractional Trust Units resulting from the Consolidation were rounded up to the nearest whole unit.

PrimeWest also implemented a small unitholder and odd lot program to enable unitholders with less than 100 units (a board lot) following the consolidation to either buy up to a full board lot, or sell their odd lot holdings without incurring brokerage fees. This program has been extended until February 14, 2003.

NEW YORK STOCK EXCHANGE LISTING

The units of PrimeWest began trading on the NYSE, symbol PWI, on November 19, 2002.

UNITHOLDERS APPROVE INTERNALIZATION OF MANAGEMENT

On November 4, 2002, unitholders approved the internalization of management at a cost of \$26.1 million, including the acquisition of the 1% retained royalty. The consideration was cash of \$13.1 million and the issuance of Class A exchangeable shares, exchangeable for approximately 491,000 trust units. In addition, the internalization includes the buy-out of the Management Incentive Plan for an additional consideration of \$1.5 million and the implementation of a Senior Executive Retention Plan in the amount of \$3.5 million, for both of which the consideration paid is Class A exchangeable shares of PrimeWest Energy Inc. (See Note 6, Subsequent Events, to the Consolidated Financial Statements which follows).

The benefits of the internalization of management include:

- The elimination of all fees; management and acquisition and disposition fees totaled \$21.3 million in 2001 and \$5.7 million for the nine-month period ended September 30, 2002.
- The acquisition of the 1% retained royalty; retained royalty payments were \$3.4 million in 2001 and \$1.2 million for the nine-month period ended September 30, 2002.
- Unitholders now have the right to elect all of the directors.
- Management and directors' ownership increased to 2.5%.

PRIMEWEST RECEIVES OILWEEK'S VIC HUMPHREYS ANNUAL REPORT AWARD

On November 8, 2002 PrimeWest received Oilweek Magazine's Vic Humphrey's Award for the best 2001 Annual Report among the 74 annual reports included in the judging. PrimeWest also earned the award for best Financial Statement and Note disclosure in its sector.

DISTRIBUTIONS

PrimeWest has distributed \$0.40 per unit monthly year-to-date. PrimeWest has previously announced it will distribute, barring material adverse developments, \$0.40 per unit on each of November 15 and December 15, 2002 and January 15, 2003.



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 per individual to the purchase of additional Trust Units.

To join the Plan, you must be a Canadian resident and 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.

THIRD QUARTER CONFERENCE CALL AND WEBCAST

PrimeWest will be conducting a conference call and Web cast for interested analysts, brokers, investors and media representatives about its third quarter results and outlook at 9:00 a.m. Mountain standard time (11:00 a.m. Eastern standard time) on Friday, November 22, 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 211140 followed by the pound (#) key.

Interested users of the Internet are invited to go to www.newswire.ca/webcast/pages/PrimeWestEnergy20021105 for the live Web cast and/or replay or access the Web cast 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 in Canada and the U.S. 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:
November 21, 2002

Kent J. MacIntyre
Vice-chairman and
Chief Executive Officer

PrimeWest Energy Trust
CONSOLIDATED BALANCE SHEET



<i>(thousands of dollars)</i>	(Unaudited) As at Sep. 30, 2002	As at Dec. 31, 2001
ASSETS		
Current assets		
Accounts receivable	\$ 54,369	\$ 55,465
Prepaid expenses	3,768	8,027
Inventory	2,026	3,173
	<u>60,163</u>	<u>66,665</u>
Cash reserved for site restoration and reclamation	768	755
Capital assets	<u>1,386,233</u>	<u>1,448,661</u>
	<u>\$ 1,447,164</u>	<u>\$ 1,516,081</u>
LIABILITIES AND UNITHOLDERS' EQUITY		
Current liabilities		
Bank overdraft	\$ 25,923	\$ 14,613
Accounts payable and accrued liabilities	35,957	59,944
Accrued distributions to unitholders	11,604	11,980
Due to related company	2,538	10,108
Current portion of long-term debt (note 3)	-	67
	<u>76,022</u>	<u>96,712</u>
Long-term debt (note 3)	255,000	195,000
Future income taxes	339,495	362,595
Site restoration and reclamation provision	<u>6,416</u>	<u>6,113</u>
	<u>676,933</u>	<u>660,420</u>
UNITHOLDERS' EQUITY		
Net capital contributions (note 4)	\$ 1,173,414	\$ 1,152,551
Capital issued but not distributed	449	419
Long-term incentive plan equity	10,209	7,932
Accumulated income	130,511	122,550
Accumulated cash distributions	(536,350)	(420,983)
Accumulated dividends	(8,002)	(6,808)
	<u>770,231</u>	<u>855,661</u>
	<u>\$ 1,477,164</u>	<u>\$ 1,516,081</u>

CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY *(Unaudited)*

<i>(thousands of dollars)</i>	Sep. 30, 2002	Sep. 30, 2001
Unitholders' equity, beginning of the period	\$ 855,661	\$ 298,245
Net income for the period	7,961	82,272
Net capital contributions	20,863	646,293
Capital issued but not distributed	30	154
Long-term incentive plan equity	2,277	(3,394)
Cash distributions	(115,367)	(180,836)
Dividends	(1,194)	(2,435)
Unitholders' equity, end of the period	<u>\$ 770,231</u>	<u>\$ 840,299</u>



	Three months ended		Nine months ended	
	Sep. 30 2002	Sep. 30 2001	Sep. 30 2002	Sep. 30 2001
<i>(thousands of dollars)</i>				
OPERATING ACTIVITIES				
Net income for the period	\$ 8,178	\$ 23,850	\$ 7,961	\$ 82,272
Add: Items not involving cash from operations				
Depletion, depreciation and amortization	45,954	48,863	137,061	110,562
Unit Appreciation Rights	(940)	(6,146)	6,032	1,343
Non-cash management fees	449	390	1,413	1,401
Future income taxes recovery	(12,800)	(11,050)	(23,100)	(34,313)
Cash flow from operations	40,841	55,907	129,367	161,265
Change in non-cash working capital	1,036	(26,138)	(25,023)	(23,877)
	<u>41,877</u>	<u>29,769</u>	<u>104,344</u>	<u>137,388</u>
FINANCING ACTIVITIES				
Proceeds from issue of Trust Units (net of costs)	7,199	4,277	15,724	100,242
Cash distributions to unitholders	(39,229)	(69,764)	(115,743)	(180,836)
Dividends	(1,194)	(709)	(1,194)	(2,435)
Increase (decrease) in long-term debt	19,985	(35,025)	59,933	42,046
Change in non-cash working capital	908	(5,235)	(30)	8,422
	<u>(12,331)</u>	<u>(106,456)</u>	<u>(41,310)</u>	<u>(32,561)</u>
INVESTING ACTIVITIES				
Expenditures on capital assets	(11,928)	(30,082)	(49,217)	(53,645)
Corporate acquisitions	-	(1,758)	-	(82,600)
Acquisitions of capital assets	(26,187)	(1,136)	(26,187)	(1,656)
Proceeds on disposal of capital assets	877	23,447	3,720	28,965
Increase in cash reserved for future site restoration and reclamation	(2)	(192)	(13)	(204)
Expenditures on site restoration and reclamation	(1,536)	(1,031)	(2,647)	(1,912)
	<u>(38,776)</u>	<u>(10,752)</u>	<u>(74,344)</u>	<u>(111,052)</u>
DECREASE IN CASH FOR THE PERIOD	(9,230)	(87,439)	(11,310)	(6,225)
CASH (BANK OVERDRAFT) BEGINNING OF THE PERIOD	(16,693)	80,380	(14,613)	(834)
BANK OVERDRAFT END OF THE PERIOD	\$ (25,923)	\$ (7,059)	\$ (25,923)	\$ (7,059)
CASH INTEREST PAID	\$ 2,755	\$ 3,963	\$ 7,315	\$ 10,692
CASH TAXES PAID	\$ 253	-	\$ 3,146	\$ 10



<i>(thousands of dollars, except for per-trust-unit amounts)</i>	Three months ended		Nine months ended	
	Sep. 30 2002	Sep. 30 2001	Sep. 30 2002	Sep. 30 2001
REVENUES				
Sales of crude oil, natural gas and natural gas liquids	\$ 77,818	\$ 98,987	\$ 234,617	\$ 287,136
Crown and other royalties, net of ARTC	(13,997)	(16,265)	(39,229)	(59,566)
Other income	(7)	383	66	498
	63,814	83,105	195,454	228,068
EXPENSES				
Operating	14,931	17,719	43,964	41,763
Cash general and administrative	2,436	2,794	7,986	7,863
Unit Appreciation Rights	(940)	(6,146)	6,032	1,343
Interest	3,014	3,997	7,597	10,627
Cash management fees	1,300	1,633	3,982	4,764
Non-cash management fees	449	390	1,413	1,401
Depletion, depreciation and amortization	45,954	48,863	137,061	110,562
	67,144	69,250	208,035	178,323
Income (loss) before taxes for the period	(3,330)	13,855	(12,581)	49,745
Income and capital taxes	1,292	1,055	2,558	1,786
Future income taxes recovery	(12,800)	(11,050)	(23,100)	(34,313)
	(11,508)	(9,995)	(20,542)	(32,527)
Net income for the period	8,178	23,850	7,961	82,272
Net income per Trust Unit	0.24	0.80	0.24	3.44
Diluted net income per Trust Unit	0.24	0.80	0.24	3.40

CONSOLIDATED STATEMENTS OF CASH DISTRIBUTIONS (Unaudited)

<i>(thousands of dollars, except for per-trust-unit and number of units)</i>	Three months ended		Nine Months ended	
	Sep. 30 2002	Sep. 30 2001	Sep. 30 2002	Sep. 30 2001
Net income for the period	\$ 8,178	\$ 23,850	\$ 7,961	\$ 82,272
Add back (deduct) amounts to reconcile to distribution:				
Depletion, depreciation and amortization	45,954	48,863	137,061	110,562
Drawdown/(increase to) reserve	(602)	15,561	(9,761)	23,927
Contribution to reclamation fund	(1,029)	(999)	(3,075)	(2,529)
Unit Appreciation Rights	(940)	(6,146)	6,032	1,343
Management fees paid in Trust Units	449	390	1,413	1,401
Future income taxes recovery	(12,800)	(11,050)	(23,100)	(34,313)
	\$ 31,032	\$ 46,619	\$ 108,570	\$ 100,391
	\$ 39,210	\$ 70,469	\$ 116,531	\$ 182,663
Cash Distributions to Trust Unitholders (99%)	\$ 38,818	\$ 69,764	\$ 115,367	\$ 180,836
Cash Distributions per Trust Unit	\$ 1.20	\$ 2.44	\$ 3.60	\$ 7.48
Trust Units and exchangeable shares issued and outstanding	33,798,352	30,132,324	33,798,352	30,132,324
Weighted average Trust Units and exchangeable shares outstanding (diluted)	33,929,397	30,028,723	33,514,149	23,851,764



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 \$310 million. The facility consists of a revolving term loan of \$285 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 \$3.2 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	<u>\$ 280,923</u>
------------------------------------	-------------------

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 April 30, 2003 at which time the lender will conduct its annual borrowing base review. The lender 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 60% of the aggregate principal amount of the loan shall be repayable on the date which is 366 days after such conversion date and the remaining 40% of the aggregate principal amount outstanding shall be repayable on the date which is 365 days after the initial term repayment date.



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	31,491,402	\$ 1,115,253
Issued pursuant to Long-term Incentive Plan	144,569	3,757
Issued pursuant to Dividend Reinvestment Plan	638,427	15,777
Issued for payment for management fees	49,886	1,383
Issued on exchange of exchangeable shares	97,982	2,496
Issue of fractional units due to 4:1 consolidation	4,009	-
Issue of units due to odd lot program	42	-
Issue expenses incurred	-	(53)
Balance at September 30, 2002	<u>32,426,317</u>	<u>\$ 1,138,613</u>

The per unit amount of distributions paid or declared reflects distributions paid for units outstanding on the record dates.

PrimeWest Exchangeable Class 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, 2010; 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 September 15, 2002, was 0.35729:1; November 15, 2002 was 0.36861.

Exchangeable shares	# of shares	Amount
Balance at December 31, 2001	3,316,742	\$ 32,338
Exchanged for Trust Units	(187,433)	(1,824)
Conversion of Exchangeable B shares to Exchangeable A shares	710,795	4,287
Balance at September 30, 2002	<u>3,840,104</u>	<u>\$ 34,801</u>

PrimeWest Exchangeable Class 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. At special meetings held in May and June of 2002, holders of Class B Exchangeable Shares and Class A Exchangeable Shares voted to approve a special resolution amending the articles of the Corporation to convert all Class B Exchangeable Shares to Class A Exchangeable Shares. As at June 14, 2002 649,561 Class B Exchangeable Shares were converted to Class A Exchangeable Shares using an exchange ratio of 1.09427:1.



Exchangeable shares	# of shares	Amount
Balance at December 31, 2001	751,532	\$ 4,960
Exchanged for Trust Units	(101,971)	(673)
Conversion of Exchangeable B shares to Exchangeable A shares	(649,561)	(4,287)
Balance at September 30, 2002	<u>-</u>	<u>\$ -</u>

5) TRUST UNIT INCENTIVE PLAN

Under the terms of the Trust Unit Incentive Plan, a maximum of 622,500 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 six 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 Sept. 30, 2002</i>	UARs issued and outstanding	UARs vested	Current return per UAR	Total Equity	Trust Unit dilution
1997 grants	57,926	57,926	\$23.06	1,336	50,511
1998 grants	107,338	107,338	33.75	3,623	136,970
1999 grants	118,019	92,333	22.53	2,659	80,610
2000 grants	199,319	106,702	8.69	1,638	36,317
2001 grants	534,863	117,975	2.00	511	4,312
2002 grants	1,016,612	81,449	2.13	442	-
	<u>2,034,077</u>	<u>563,723</u>		<u>\$10,209</u>	<u>308,720</u>

Cumulative to September 30, 2002, 625,609 UARs have been exercised resulting in the issuance of 349,586 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.

6) SUBSEQUENT EVENTS

Internalization of Management

On September 26, 2002, the Trust announced the planned elimination, effective October 1, 2002, of its external management structure and all related management, acquisition and disposition fees, as well as the acquisition of the right to mandatory quarterly dividends commonly referred to as the "1% retained royalty". The transaction was approved by the Unitholders and the holders of Exchangeable Shares on November 4, 2002 and closed November 6, 2002. The transaction results in the elimination of the current 2.5% management fee on net production revenue, quarterly incentive payments payable in the form of Trust Units, the 1.5% acquisition fee and the 1.25% disposition fee, which resulted in payments to the Manager in 2001 totaling \$21.3 million and \$5.7 million for the nine-



month period ended September 30, 2002. In addition, the amount of the 1% retained royalty paid in 2001 was \$3.4 million and \$1.2 million for the nine-month period ended September 30, 2002.

The internalization transaction was achieved through the purchase by PrimeWest of all of the issued and outstanding shares of the Manager for a total consideration of approximately \$26.1 million comprised of a cash payment of \$13.1 million and the issuance of Exchangeable Shares exchangeable, based on an agreed exchange ratio, for approximately 491,000 Trust Units and valued at approximately \$13.0 million based on the closing price of the Trust Units on the TSX on September 26, 2002. In addition, PrimeWest agreed to issue Exchangeable Shares valued at \$1.5 million to certain senior managers to terminate a management incentive program of the Manager and to create a special executive retention plan for those senior managers which provides for long term incentive bonuses in the form of Exchangeable Shares valued, in the aggregate, at \$3.5 million. Exchangeable Shares will be issued pursuant to the retention plan on each of the second, third, fourth and fifth anniversaries of the completion of the internalization transaction.

Equity Issue

On November 13, 2002, PrimeWest received net proceeds of \$104.3 million from the issuance of 4.2 million trust units.



TRADING PERFORMANCE

<i>For the quarter ended</i>	Sep. 30/02	Jun. 30/02	Mar. 31/02	Dec. 31/01	Sep. 30/01
Trust Unit prices (dollars per Trust Unit)					
High	29.40	29.32	28.92	30.04	35.08
Low	24.78	25.80	23.68	23.80	25.68
Close	26.45	28.92	28.80	25.44	25.84
Volume traded (millions of units)	6.87	7.78	8.62	9.40	9.28
Number of Trust Units outstanding (millions of units)	32.43	32.10	31.85	31.48	28.81
Including exchangeable shares (issued in respect of Venator and Cypress acquisitions)	33.80	33.43	33.15	32.78	30.13
Distribution paid per Trust Unit	\$1.20	\$1.20	\$1.20	\$1.76	\$2.44

ANNUAL COMPOUND TOTAL UNITHOLDER RETURN

PrimeWest's total return values include unit price plus distributions reinvested.

Period	Annual Compound Total Unitholder Return⁽²⁾	Total Unitholder Return Components	
		Unit price	Distribution Reinvested
Q3, 2002	-4.3%	-8.5%	4.2%
1 year (Sep. 30, 2001 – Sep. 30, 2002)	24.6%	2.3%	22.3%
3 year (Sep. 30, 1999 – Sep. 30, 2002)	20.4%	-2.3%	22.7%
5 year (Oct. 31, 1997 ⁽¹⁾ – Sep. 30, 2002)	15.1%	-5.5%	20.6%

(1) PrimeWest Trust Units began trading on the Toronto Stock Exchange on October 16, 1997

(2) Unit price plus distribution reinvestment

TAXABILITY INFORMATION

For 2002, PrimeWest estimates that 55% of distributions will be taxable, with 45% treated as a tax deferred return of capital. For further details regarding taxation issues, including an adjusted cost base calculator, please visit our homepage at www.primewestenergy.com.

For further information please contact:
Investor Relations and Communications
Toll-free in Canada and U.S.: 1-877-968-7878
Fax: 403-699-7271
e-mail: investor@primewestenergy.com

PrimeWest Energy Trust
4700, 150- 6 Avenue SW
Calgary, Alberta T2P 3Y7
Telephone: 403-234-6600
Fax: 403-266-2825