



# Harvest Energy Trust

## Harvest Energy Trust – News Release (HTE.UN – TSX)

### HARVEST ENERGY TRUST ANNOUNCES TAX INFORMATION.

**Calgary, March 19, 2004 (TSX: HTE.UN)** — Harvest Energy Trust (the "Trust" or "Harvest") announces the tax on distributions declared and paid. The Trust paid \$2.40 Canadian per Trust Unit in distributions in 2003. The distribution declared in December 2002 and paid in January 2003 was deemed to be 100% return of capital. For the distributions declared in 2003 and paid in the months of February 2003 through to January 2004, 41% of the distributions are taxable and 59% are a return of capital.

The table below sets out the distributions declared since inception of the Trust to December 31, 2003 and also indicates the income and return of capital allocation for each distribution.

#### Canadian \$'s

Record Date	Payment Date	Payment per Trust Unit	Distribution Taxability			
			Income	Return of Capital	Per Trust Unit	
					Income	Capital
December 31, 2002	January 15, 2003	\$0.20	0%	100%	\$0.000	\$0.200
January 31, 2003	February 17, 2003	\$0.20	41%	59%	\$0.082	\$0.118
February 28, 2003	March 17, 2003	\$0.20	41%	59%	\$0.082	\$0.118
March 31, 2003	April 15, 2003	\$0.20	41%	59%	\$0.082	\$0.118
April 30, 2003	May 15, 2003	\$0.20	41%	59%	\$0.082	\$0.118
May 30, 2003	June 16, 2003	\$0.20	41%	59%	\$0.082	\$0.118
June 30, 2003	July 15, 2003	\$0.20	41%	59%	\$0.082	\$0.118
July 31, 2003	August 15, 2003	\$0.20	41%	59%	\$0.082	\$0.118
August 29, 2003	September 15, 2003	\$0.20	41%	59%	\$0.082	\$0.118
September 30, 2003	October 15, 2003	\$0.20	41%	59%	\$0.082	\$0.118
October 31, 2003	November 14, 2003	\$0.20	41%	59%	\$0.082	\$0.118
November 28, 2003	December 15, 2003	\$0.20	41%	59%	\$0.082	\$0.118
December 16, 2003	January 15, 2004	\$0.20	41%	59%	\$0.082	\$0.118

#### Canadian Unitholders

Unitholders holding their Harvest Energy Trust units in a Registered Retirement Savings Plan, Registered Retirement Income Fund or Deferred Profit Savings Plan should not report any income related to distributions on their income tax return. Unitholders holding their units outside such plans will receive a T3 Supplementary Information Slip ("T3"), postmarked on or before March 30, 2004. Harvest's registered Unitholders will receive a T3 from Harvest's transfer agent, Valiant Trust Company ("Valiant"). Unitholders that hold their units through a broker or other intermediary will receive a T3 directly from their broker or intermediary. Unitholders are to report the taxable portion of distributions as "other income" on their 2003 income tax return.

Canadian Unitholders are required to reduce the adjusted cost base ("ACB") of their trust units by an amount equal to the return of capital portion of the distributions. The ACB is used to calculate capital gains or losses on the disposition of trust units.

**Harvest encourages all Unitholders to seek independent competent legal or tax advice in respect of their specific circumstances.**

## **U.S. and Non-resident Unitholders**

The following information is provided for general information only. **As such, Harvest recommends that all U.S. and Non-resident Unitholders obtain independent legal or tax advice as to their particular consequences of holding Harvest Trust Units.** Given that the largest component of Non-resident Unitholders are U.S. persons, the following discussion is intended to provide general guidance for U.S. Unitholders.

Harvest is considered a "corporation" for U.S. federal income tax purposes. This means that the distributions paid to U.S. Unitholders, where the Harvest Trust Units are held outside of a qualified retirement plan, will be treated as dividends. U.S. individuals will report the amount of such dividends on Internal Revenue Service ("IRS") Form 1040 "U.S. Individual Tax Return" ("Form 1040"). These dividends may be eligible for the recently implemented low rate of tax on "qualified dividends". Distributions paid by Harvest where the Trust Units are held by a qualified retirement plan are not required to be reported on the Form 1040.

Registered Unitholders will receive a T3 slip directly from Harvest's transfer agent, Valiant, that indicates the 2003 distributions denominated in Canadian dollars. Unitholders that hold their investment in Harvest through a broker or other intermediary will likely receive an IRS Form 1099-DIV "Dividends and Distributions" ("Form 1099-DIV") that contains information in respect of the 2003 distributions. Unitholders are encouraged to review the Form 1099-DIV carefully as it may contain incorrect information.

The U.S. tax rules state that no portion of the distribution will be considered a tax deferred return of capital unless Harvest computes its current and accumulated earnings and profits in accordance with U.S. income tax principles. U.S. Unitholders should note that Harvest has not prepared a current and accumulated earnings and profits calculation. Accordingly, the Harvest distributions are 100% taxable as a dividend to U.S. Unitholders.

Generally, the portion of the distributions paid by Harvest to a Non-Resident is subject to Canadian withholding tax under the *Income Tax Act - Canada* at a rate of 25%. For a Non-Resident Unitholder who is a resident of the United States, the withholding tax rate is generally reduced to 15%, as per the Canada-United States Income Tax Convention. The amount of Canadian withholding tax deducted from the cash distributions may be reported by U.S. individual Unitholders on IRS Form 1116 "Foreign Tax Credit" to offset a portion of the U.S. tax liability as a result of the distributions; alternatively U.S. Unitholders may elect to deduct the Canadian withholding tax in the determination of taxable income.

An NR4 tax slip ("Statement of Amounts Paid or Credited to Non-residents of Canada") indicating the amount of Canadian withholding tax deducted (in Canadian dollars) will be issued to U.S. and Non-resident Unitholders. Registered Unitholders will receive an NR4 directly from Valiant. In respect of Unitholders that hold their units through a broker or other intermediary, the broker or intermediary will receive the NR4. In respect of Unitholders that hold their investment through a broker or other intermediary the Unitholder is likely to only receive a Form 1099-DIV (see above) that reflects the Canadian withholding tax deducted. Similar to above the Unitholder should review the Form 1099-DIV carefully as it may be incorrect. Unitholders should note that Harvest does not nor is it obligated to prepare the Form 1099-DIV documents.

U.S. resident Unitholders may attempt to recover (i.e. receive a refund from the Canadian Revenue Agency) the amount of Canadian withholding tax deducted that relates to the return of capital portion of the distribution paid (see table above). Unitholders that wish to do this will be required to file an NR7-R "Application for Refund of Non-resident Tax Withheld" form with the Canadian Revenue Agency.

**The information above is not exhaustive of all possible U.S. income tax considerations nor is it intended to provide legal or tax advice to any particular holder or potential holder of Harvest Trust Units. Holders or potential holders of Harvest Trust Units should consult their own competent legal and tax advisors as to their particular tax consequences of holding Harvest Trust Units and the most beneficial way of reporting the distributions received and Canadian withholding tax paid to the appropriate taxation authorities located in the various jurisdictions.**

The securities of Harvest have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or applicable exemption from the

registration requirements. This news release shall not constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction.

Harvest's trust units trade on the Toronto Stock Exchange under the symbol HTE.UN.

This press release is not for release or distribution in the United States.

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