



# Harvest Energy Trust

## News Release

(HTE.UN – TSX)

### Harvest Energy Trust Announces First Quarter 2004 Results

Calgary, May 14, 2004 (TSX: HTE.UN) – Harvest Energy Trust ("Harvest") today announced its unaudited operating and financial results for the three and nine month periods ended March 31, 2004.

#### First Quarter Highlights

- Distributions of \$0.60 per trust unit;
- Cash flow from operations of \$14.8 million or \$0.87 per trust unit, for the three month periods ended March 31, 2004, an increase of 8.4% from the fourth quarter of 2003 and a 129% increase for the same period last year;
- Sales volume averaged 14,829 BOE/d for the three month period ended March 31, 2004, an 80% increase over the same period last year;
- Harvest continued its development activities in its core areas with capital expenditures of approximately \$12.0 million resulting in an exit rate of 15,200 BOE/d at March 31, 2004; and
- Harvest announced the signing of an agreement to acquire 4,200 BOE/d of predominantly light oil properties in the Red Earth area of North Central Alberta through a Plan of Arrangement with Storm Energy Ltd. Harvest expects to close the Red Earth acquisition in June 2004, for consideration of approximately \$189 million.

#### First Quarter Financial and Operational Summary

| Financial  | Three months ended March 31 |            |          |
|--|-----------------------------|------------|----------|
|  | 2004                        | 2003       | % Change |
| <i>(\$000's except per BOE and per trust unit amounts)</i> |                             |            |          |
| Revenue, before hedging                                    | 47,500                      | 26,230     | 81%      |
| Revenue, net of hedging                                    | 38,445                      | 17,660     | 118%     |
| Realized hedging loss                                      | 9,055                       | 8,570      | 6%       |
| Cash flow from operations                                  | 14,839                      | 6,489      | 129%     |
| Cash flow from operations per trust unit, basic            | \$0.87                      | \$0.62     | 40%      |
| Net income (loss)  | (1,065)                     | 3,469      | (131%)   |
| Net income (loss) per trust unit, basic                    | (\$0.06)                    | \$0.33     | (118%)   |
| Distributions declared                                     | 10,325                      | 6,024      | 71%      |
| Distributions declared per trust unit                      | \$0.60                      | \$0.60     | -        |
| Payout ratio   | 69%                         | 93%        | (25%)    |
| Capital expenditures                                       | 12,011                      | 5,892      | 104%     |
| Net debt   | 28,657                      | 22,068     | (30%)    |
| Weighted average trust units outstanding, basic            | 17,179,955                  | 10,387,522 | 65%      |
| Trust units outstanding at the end of the period           | 17,281,528                  | 11,114,938 | 55%      |

| Operating and Reserves                     | Three months ended March 31 |              |            |
|--|-----------------------------|--------------|------------|
|  | 2004                        | 2003         | % Change   |
| <b>Average daily sales volumes</b>         |                             |              |            |
| Crude oil and natural gas liquids (Bbls/d) | 14,676                      | 8,077        | 82%        |
| Natural gas (mcf/d)                        | 915                         | 875          | 5%         |
| <b>Total (BOE/d)</b>                       | <b>14,829</b>               | <b>8,223</b> | <b>80%</b> |
| Production exit rate (BOE/d)               | 15,200                      | 8,600        | 77%        |

*(Natural gas converted to barrel of oil equivalent BOE on a 6:1 basis)*

### First Quarter Message to Unitholders

During the first quarter, Harvest's activities were focused on development activities at Carlyle and Provost and negotiating the Red Earth acquisition.

Harvest maintained an active development program in the first quarter. Harvest continued to focus its development efforts on drilling, primarily at Hayter in Provost and at Hazelwood, Bender and Big Marsh in Carlyle. Capital expenditures were \$12.0 million and production at the end of the first quarter was approximately 15,200 BOE/d. Harvest currently expects total capital expenditures during 2004 to be approximately \$35 million, focused on production and reserve additions and operating efficiency programs.

On January 1, 2004, Harvest was required to adopt a new accounting standard governing hedging activities. In addition to the first quarter impact, Harvest expects that this accounting standard will result in greater income volatility in future periods. As a result of the implementation of this accounting standard, Harvest has recorded an unrealized after tax mark to market loss in the first quarter of \$3.5 million on a portion of the hedging instruments employed in its risk management hedging portfolio. Of note, this new standard did not impact the realized price of products sold and did therefore not impact cash flow. A complete discussion of this new accounting standard is located in the management discussion and analysis and notes 2 and 8 of the first quarter unaudited consolidated financial statements.

Subsequent to the first quarter, on April 19, 2004, Harvest announced the signing of an agreement to acquire 4,200 BOE/d of predominantly light oil properties in the Red Earth area of North Central Alberta through a Plan of Arrangement with Storm Energy Ltd. Harvest expects to close the Red Earth acquisition in June 2004, for consideration of approximately \$189 million. Harvest anticipates the properties will provide the following benefits to unitholders:

- increases Harvest's proved plus probable reserve base to approximately 47 million BOE;
- increases Harvest's reserve life index to 6.6;
- increases the light/medium oil component of Harvest's production to approximately 70%;
- enhances Harvest's netbacks as a result of the lower unit operating cost of the acquired properties and the higher price realizations per unit of production;
- provides an expanded base of production compatible with Harvest's proven operating competencies; and
- adds a new core area for additional low cost growth in the form of property enhancements and consolidation of additional interests through acquisitions;

Harvest's current production rate is approximately 15,400 BOE/d. Combining the incremental production from the Red Earth properties for the period of July 1, 2004 to December 31, 2004 with Harvest's existing base of production, Harvest expects average production to be:

|                  | Calendar 2004 Average | December 2004 Exit    |
|------------------|-----------------------|-----------------------|
| Total Production | 16,750 – 17,500 BOE/d | 18,750 – 19,250 BOE/d |

Harvest confirms, that subject to monthly review and approval by the Board of Directors of Harvest Operations Corp., it anticipates continuing to distribute \$0.20 per trust unit per month. Although the recent acquisition is accretive to cash flow per trust unit, additional cash flow derived from the acquired properties will be used to fund Harvest's ongoing property enhancement program and acquisition strategy.

Harvest Energy Trust is a Calgary based oil and natural gas trust that strives to deliver stable monthly cash distributions to its unitholders through its strategy of acquiring, enhancing and producing crude oil, natural gas and natural gas liquids. Harvest's assets, comprised of high quality light, medium and heavy gravity crude oil properties in East Central Alberta and South East Saskatchewan, and its hands on operating strategy underpin Harvest's objective to deliver superior economic returns to unitholders.

For further information, please contact either:

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