

HARVEST ENERGY TRUST

Information Circular - Proxy Statement
for the Annual and Special Meeting to be held on May 4, 2005

PROXIES

Solicitation of Proxies

This information circular - proxy statement is furnished in connection with the solicitation of proxies for use at our annual and special meeting of the unitholders of Harvest Energy Trust to be held on Wednesday, May 4, 2005 in the Lecture Theatre, Metropolitan Centre, 333 - 4th Avenue SW, Calgary, Alberta, and at any adjournment thereof. Forms of proxy must be addressed to and reach Valiant Trust Company, Suite 310, 606 – 4th Street SW, Calgary, Alberta T2P 1T1, not less than 2 business days before the time for holding the meeting or any adjournment thereof. Only unitholders of record at the close of business on March 16, 2005 will be entitled to vote at the meeting, unless that unitholder has transferred any trust units subsequent to that date and the transferee unitholder, not later than 10 days before the meeting, establishes ownership of the trust units and demands that the transferee's name be included on the list of unitholders.

We have two outstanding types of securities that entitle holders to vote generally at meetings of unitholders being trust units and special voting units. Each trust unit outstanding on the record date is entitled to one vote. A single special voting unit was issued to Valiant Trust Company as trustee under a voting and exchange trust agreement for the benefit of holders of exchangeable shares issued by our subsidiary, Harvest Operations Corp. in connection with a plan of arrangement involving Storm Energy Ltd., which was effective June 30, 2004. This special voting unit is entitled to one vote for each exchangeable share outstanding on the record date. The trust units and the special voting unit vote together as a single class on all matters. Valiant Trust Company is required to vote the special voting units in the manner that holders of exchangeable shares instruct, and to abstain from voting on the exchangeable shares for which Valiant Trust Company does not receive instructions.

The instrument appointing a proxy must be in writing and must be executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation.

The persons named in the enclosed form of proxy are officers of Harvest Operations Corp. **As a unitholder you have the right to appoint a person, who need not be a unitholder, to represent you at the meeting.** To exercise this right you should insert the name of the desired representative in the blank space provided on the form of proxy and strike out the other names or submit another appropriate proxy.

Advice to Beneficial Holders of Trust Units

The information set forth in this section is of significant importance to you if you do not hold your trust units in your own name. Only proxies deposited by unitholders whose names appear on our records as the registered holders of trust units can be recognized and acted upon at the meeting. If trust units are listed in your account statement provided by your broker, then in almost all cases those trust units will not be registered in your name on our records. Such trust units will likely be registered under the name of your broker or an agent of that broker. In Canada, the vast majority of such trust units are registered under the name of CDS & Co., the registration name for The Canadian Depository for Securities Limited, which acts as nominees for many Canadian brokerage firms. Trust units held by your broker or their nominee can only be voted upon your instructions. Without specific instructions, your broker or their nominee is prohibited from voting your trust units.

Applicable regulatory policy requires your broker to seek voting instructions from you in advance of the meeting. Every broker has its own mailing procedures and provides its own return instructions, which you should carefully follow in order to ensure that your units are voted at the meeting. Often, the form of proxy supplied by your broker is identical to the form of proxy provided to registered unitholders. However, its purpose is limited to instructing the registered unitholder how to vote on your behalf. The majority of brokers now delegate responsibility for obtaining instructions from clients to ADP Investor Communication. ADP mails a scannable voting instruction form in lieu of the form of proxy. You are asked to complete and return the voting instruction

form to them by mail or facsimile. Alternately, you can call their toll-free telephone number to vote your units. They then tabulate the results of all instructions received and provide appropriate instructions respecting the voting of units to be represented at the meeting. If you receive a voting instruction form from ADP it cannot be used as a proxy to vote trust units directly at the meeting as the proxy must be returned to ADP well in advance of the meeting in order to have the trust units voted.

Revocability of Proxy

You may revoke your proxy at any time prior to a vote. If you or the person to whom you give your proxy attends personally at the meeting you or such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation. To be effective the instrument in writing must be deposited either at our head office at any time up to and including the last business day before the day of the meeting, or any adjournment thereof, at which the proxy is to be used, or with the chairman of the meeting on the day of the meeting, or any adjournment thereof.

Persons Making the Solicitation

This solicitation is made on behalf of our management. We will bear the costs incurred in the preparation and mailing of the form of proxy, notice of annual and special meeting and this information circular - proxy statement. In addition to mailing forms of proxy, proxies may be solicited by personal interviews, or by other means of communication, by our directors, officers and employees who will not be remunerated therefore.

Exercise of Discretion by Proxy

The trust units represented by proxy in favour of management nominees will be voted on any poll at the meeting. Where you specify a choice with respect to any matter to be acted upon the trust units will be voted on any poll in accordance with the specification so made. If you do not provide instructions your trust units will be voted in favour of the matters to be acted upon as set out herein. The persons appointed under the form of proxy that we have furnished are conferred with discretionary authority with respect to amendments or variations of those matters specified in the form of proxy and notice of annual and special meeting and with respect to any other matters that may properly be brought before the meeting or any adjournment thereof. At the time of printing this information circular - proxy statement, we know of no such amendment, variation or other matter.

Voting By Holders Of Exchangeable Shares

Valiant Trust Company holds one special voting unit for holders of Exchangeable Shares. The special voting unit is entitled to a number of votes at the meeting equal to the aggregate number of outstanding exchangeable shares. Each holder of exchangeable shares is entitled to give Valiant Trust Company voting instructions for a number of votes equal to the number of that holder's exchangeable shares. A voting direction is the means by which you may authorize the voting of your voting rights at the meeting. Valiant Trust Company will exercise each vote only as you directed on the voting direction. In the absence of your instructions to voting, Valiant Trust Company will not exercise your votes. You may also instruct Valiant Trust Company to give a proxy entitling your designee of the holder to vote personally the relevant number of votes or to grant to our management a proxy to vote those votes. The procedures for holders of exchangeable shares to instruct Valiant Trust Company about voting at the meeting are explained in the "Voting Direction for Holders of Exchangeable Shares" that has been provided to holders of exchangeable shares with this information circular – proxy statement.

VOTING UNITS AND PRINCIPAL HOLDERS THEREOF

We are authorized to issue an unlimited number of trust units and an unlimited number of special voting units without nominal or par value which may be issued for such consideration as may be determined by resolution of the board of directors. As at March 16, 2005, there were 42,585,278 trust units and one special voting unit, entitled to a total of 42,830,342 votes, issued and outstanding. As a holder of trust units you are entitled to one vote for each trust unit you own. As a holder of exchangeable shares you are entitled to one vote for each exchangeable share you own. As at March 16, 2005, there were 245,064 exchangeable shares issued and outstanding.

To the knowledge of our directors and officers, as at March 16, 2005 no person or company beneficially owned, directly or indirectly, or exercised control or direction over, trust units or exchangeable shares entitled to more than 10% of the votes which may be cast at the meeting, other than:

| <i>Name of Unitholder</i> | <i>Number of trust units and/or Exchangeable Shares Owned</i> | <i>Type of Ownership</i> | <i>Percentage of Outstanding Votes</i> |
|----------------------------------|---|--------------------------|--|
| M. Bruce Chernoff ⁽¹⁾ | 7,645,130 | Direct and Beneficial | 17.8% |

⁽¹⁾ Includes 152,990 trust units owned by Caribou Capital Corp., a company controlled by Mr. Chernoff and 881,632 trust units owned by Spasovka Merchant Corp., a company controlled by Mr. Chernoff.

As at March 16, 2005, our directors and officers, as a group, beneficially owned, directly or indirectly, or exercised control over 9,849,783 trust units or approximately 23.1% of the issued and outstanding trust units; 0 exchangeable shares or approximately 0% of the issued and outstanding exchangeable shares; totaling approximately 23.0% of the votes to be cast at the meeting.

MATTERS TO BE ACTED UPON AT THE MEETING

Appointment of the Trustee

The Trust Indenture provides that the unitholders shall, at each annual meeting, re-appoint or appoint a successor to our Trustee. Accordingly, unitholders will consider an ordinary resolution to re-appoint Valiant Trust Company as our trustee to hold office until the end of the next annual meeting. Valiant Trust Company has been trustee of the Trust since September 27, 2002.

Election of Directors

At the meeting, the unitholders will be asked to fix the number of directors of Harvest Operations Corp. to be elected at the meeting at 6 members and to elect 6 directors.

Management is soliciting proxies, in the accompanying form of proxy, for an ordinary resolution in favour of fixing the board of directors at 6 members, and in favour of the election as directors of the 6 nominees set forth below:

| | |
|-------------------|--------------------|
| John A. Brussa | Hector J. McFadyen |
| M. Bruce Chernoff | Kevin A. Bennett |
| Hank B. Swartout | |
| Verne G. Johnson | |

In the event that a vacancy among such nominees occurs because of death or for any reason prior to the meeting, the proxy shall not be voted with respect to such vacancy.

The names and municipalities of residence of all of the persons nominated for election as directors, the approximate number of trust units and exchangeable shares beneficially owned, directly or indirectly, or over which

control or direction is exercised, by each of them, the dates on which they became directors, and their principal occupations, as of March 16, 2005, were as follows:

| Name | Principal occupation | Year Became Director | Number of trust units / exchangeable shares beneficially owned directly or indirectly or over which control or direction is exercised ⁽¹⁾ |
|---|---|--------------------------------------|--|
| Kevin Bennett Calgary, Alberta | Professional engineer, independent businessman involved in founding and the directorship of several oil and gas, and energy services companies. Co-founded Harvest Energy Trust in 2002 with Mr. Chernoff. From Sept. 1998 to Sept. 2001, was President, C.O.O. and a director of Ventus Energy Ltd. | Nominee | 500,000/nil |
| John A. Brussa ⁽²⁾⁽³⁾⁽⁵⁾ Calgary, Alberta | Barrister and Solicitor; Partner of Burnet, Duckworth & Palmer LLP (a law firm) | 2002 | 298,305/nil |
| M. Bruce Chernoff ⁽⁴⁾⁽⁵⁾ Calgary, Alberta | Professional Engineer; Chairman of Harvest Operations Corp.; President and Director of Caribou Capital Corp. (a private investment management company) since June 1999; from April 2000 to October 2001, Executive Vice President and Chief Financial Officer of Petrobank Energy and Resources Ltd. (a public oil and natural gas company); from February to June 1999, Executive Vice President and Chief Financial Officer of Pacalta Resources Ltd. ("Pacalta") (a public oil and natural gas company); prior thereto, Executive Vice President of Pacalta. | 2002 (as both Director and Chairman) | 7,645,130/nil ⁽⁶⁾ |
| Verne G. Johnson ⁽²⁾⁽³⁾⁽⁴⁾ Calgary, Alberta | President of KristErin Resources Inc., a private family company since January 2000; Senior Vice President, Funds Management of Enerplus Resources Group from 2000 to 2002; prior thereto, President and Chief Executive Officer of AltaQuest Energy Corporation from 1999 to 2000; prior thereto, President of Ziff Energy Group (an energy consulting company) from 1997 to 1999; prior thereto, President and Chief Executive Officer of ELAN Energy Inc. (a public oil and natural gas company) from 1989 to 1997. | 2002 | 35,000/nil |
| Hank B. Swartout ⁽⁴⁾ Calgary, Alberta | Chairman, President and Chief Executive Officer of Precision Drilling Corporation since July, 1987. | 2002 | 905,690/nil ⁽⁷⁾ |

| Name | Principal occupation | Year Became Director | Number of trust units / exchangeable shares beneficially owned directly or indirectly or over which control or direction is exercised ⁽¹⁾ |
|---|--|----------------------|--|
| Hector J. McFadyen ⁽²⁾⁽³⁾⁽⁵⁾ Calgary, Alberta | Independent businessman and Director of Hunting PLC (a UK based public oil and natural gas company); Director of Computershare Trust Company of Canada (a private Canadian company that manages the administration of shareholder and employee records from public and private companies throughout North America); Director of Aluma Systems (a private Canadian company providing industrial and concrete construction services); formerly, President, Midstream Division, Alberta Energy Company Ltd. (a public oil and natural gas company). until 1992. | 2002 | 30,000/nil |

Notes:

- (1) Represents all trust units and exchangeable shares held directly or indirectly or over which such person exercises control or direction as at March 16, 2005. Based upon information provided by the director to the Trust.
- (2) Member of the Audit Committee.
- (3) Member of the Corporate Governance Committee.
- (4) Member of the Reserves, Safety and Environment Committee.
- (5) Member of the Compensation Committee.
- (6) Includes Trust Units held by Caribou Capital Corp. and Spasovka Merchant Corp, companies controlled by Mr. Chernoff, and Trust Units held in RESP accounts for the benefit of Mr. Chernoff's children.
- (7) Includes 162,857 Trust Units held by Mr. Swartout's spouse.

The information as to voting securities beneficially owned, directly or indirectly, is based upon information furnished to us by the nominees.

Appointment of Auditors

Management is soliciting proxies, in the accompanying form of proxy, in favour of the appointment of the firm of KPMG LLP, Chartered Accountants, as our auditor, to hold office until the next annual meeting of the unitholders and to authorize the directors to fix their remuneration as such. KPMG LLP has been our auditor since 2002.

Approval of the Amendment of our Trust Indenture

At the meeting, unitholders will be asked to approve certain amendments to our trust indenture recommended by management. The following provides a summary of the proposed changes. A copy of the proposed black-lined changes to the trust indenture as approved by the board of directors of Harvest Operations Corp., subject to unitholder approval, has been filed on SEDAR which may be accessed at www.sedar.com or may be obtained at no cost upon request from our Vice President and Chief Financial Officer of Harvest Operations Corp. at 2100, 330 - 5th Avenue S.W. Calgary, Alberta T2P 0L4, telephone (403) 265-1178.

Borrowing Powers

These amendments are largely technical in nature to allow for direct borrowing by Harvest Energy Trust and all of our affiliated entities rather than just through Harvest Operations Corp. Management believes that it is in

the best interests of unitholders to provide maximum flexibility to allow any entity under our control to borrow directly from third party lenders.

Purpose of the Trust

We are proposing to expand the purposes to allow us to directly undertake such other businesses and activities as approved by the board of directors of Harvest Operations Corp. Although we currently intend to remain an income trust focused on the crude oil and natural gas business, we believe that our current trust indenture may unduly restrict us from directly undertaking related activities which may be in the best interests of unitholders.

Amendment of Trust Indenture

We are proposing to amend the trust indenture to allow for further amendment without unitholder approval in two additional circumstances. This proposed amendment would allow the trustee to approve any amendment that is, in the opinion of the trustee, necessary or desirable as a result of changes or proposed changes in taxation laws or the administration or enforcement thereof, or changes in laws by which we are governed in order to provide unitholders access to the benefit of any new legislation that would limit their liability.

Internal Reorganizations

We are proposing to amend the trust indenture to allow us to sell, transfer or assign any or all of our assets without unitholder approval provided that such sale, transfer or assignment is to entities that are directly or indirectly wholly-owned by us.

Exclusions from Delegation

We are proposing to amend the trust indenture to clarify the limitations on delegation to Harvest Operations Corp. or any other person to clearly provide that the trustee may not delegate any authority with respect to the trustee's duties as transfer agent, termination of the trust indenture, the waiver of performance of any material provisions of the trust indenture or the distribution of distributable income.

Others

We are also proposing a number of immaterial amendments to eliminate references to certain agreements that are no longer in force, to update the references to agreements which have been amended, to add references to certain of our controlled entities and to make other technical amendments.

Approval Required

Pursuant to the provisions of the trust indenture, these amendments must be approved by the holders of 66 2/3% of the trust units represented at the meeting and voted on this resolution. Accordingly, at the meeting, the following special resolution will be presented:

BE IT RESOLVED, AS A SPECIAL RESOLUTION OF THE UNITHOLDERS OF HARVEST ENERGY TRUST, that the amendment of the Amended and Restated Trust Indenture dated January 1, 2004 pursuant to the Second Amended and Restated Trust Indenture to be dated May 4, 2005 as described in the information circular - proxy statement of Harvest Energy Trust dated March 16, 2005 be and the same is hereby authorized and approved and Harvest Operations Corp. and Valiant Trust Company be authorized to execute the Second Amended and Restated Trust Indenture.

Amendment of Trust Unit Rights Incentive Plan

Effective January 1, 2005, the TSX has amended its rules relating to share compensation arrangements for option plans. As a result of the TSX's revisions to compensation arrangements for option plans, we are proposing to amend our Trust Unit Rights Incentive Plan as follows:

1. delete reference to a maximum number of trust unit rights issuable or reserved pursuant to the plan, and provide that the maximum number of trust units issuable pursuant to the plan shall be a "rolling" maximum equal to 7% of the outstanding trust units and the number of trust units issuable upon the exchange of any outstanding exchangeable shares. Any increase in the issued and outstanding trust units and the number of trust units issuable upon the exchange of any outstanding exchangeable shares will result in an increase in the available number of trust units issuable under the plan, and any exercises of rights will make new grants available under the plan;
2. amend the definition of "market price", being the lowest price at which an exercise price of a right may be issued, to be in accordance with the revised TSX rules. Currently, the exercise price of a right cannot be lower than the closing price of the trust units on the TSX on the last trading day prior to the date of grant. The revised rules specify that the market price be based on the volume weighted average trading price of the trust units for the 5 trading days prior to the date of grant;
3. (a) the number of trust units issued under the plan and all other trust unit compensation arrangements to our insiders may not exceed 10% of the outstanding trust units and the number of trust units issuable upon the exchange of any outstanding exchangeable shares; and (b) the number of trust units issued under the plan and all other trust unit compensation arrangements to our insiders, within a one year period, may not exceed 10% of the outstanding trust units and the number of trust units issuable upon the exchange of any outstanding exchangeable shares; and
4. in compliance with the TSX's rules, amend the plan to allow for the directors by resolution to amend the plan without unitholder approval. However, the directors will not be entitled to amend a trust unit right grant for a trust unit right held by an insider to lower the exercise price or to extend the expiry date.

The TSX's changes include that all security based compensation arrangements, including trust unit right plans, must be approved by unitholders every 3 years. Our plan was approved at a meeting of unitholders in June 2004.

There are currently 1,487,250 trust units reserved for issuance or 3.5% of the issued and outstanding trust units and trust units reserved for issuance upon the exercise of exchangeable shares. Of this amount 1,443,375 trust units (3.4%) are reserved for rights granted and 43,875 trust units (0.1%) are available for issuance under future grants of rights.

The Trust Unit Rights Plan will continue to have the following features:

1. our directors, officers, employees and service providers, or those of our subsidiaries, are eligible to receive trust unit rights under the plan that are non-transferable;
2. the plan provides that the aggregate number of trust units reserved for issuance to any one person under the plan, together with all of our other share compensation arrangements, must not exceed 5% of the then outstanding trust units;
3. the vesting arrangements are within the discretion of the board of directors of Harvest Operations Corp.;
4. the term of rights grants are within the discretion of the board of directors, but cannot be longer than 5 years; and
5. rights terminate on the earlier of the expiry date and 30 days after a rightholder ceasing to be at least one of an employee, director, officer or service provider of ours or a subsidiary of ours. However, in the event of death, the rights will expire on the earlier of the expiry date and 6 months from the date of death.

Pursuant to the rules of the Toronto Stock Exchange the changes must be approved by the holders of a majority of the units voting at the meeting. Accordingly, at the meeting, the following ordinary resolution will be presented:

BE IT RESOLVED, AS AN ORDINARY RESOLUTION OF THE UNITHOLDERS OF Harvest Energy Trust., that the amendment of the Trust Unit Rights Incentive Plan of Harvest Energy Trust as described in the information circular - proxy statement of Harvest Energy Trust dated March 16, 2005 be and the same is hereby approved and authorized.

DIRECTORS' AND OFFICERS' COMPENSATION

Compensation Committee

The compensation committee of our board of directors consists of John A. Brussa, M. Bruce Chernoff and Hector J. McFadyen. Mr. Chernoff is the Chairman of the board of directors and has entered into the transactions with us described under the heading "Interest of Informed Persons in Material Transactions". The compensation committee periodically reviews our compensation policy with respect to the executive officers.

Board of Directors Report on Compensation

TO: The Unitholders of Harvest Energy Trust

Compensation Strategy

Our compensation plan for the executive officers has consisted of a combination of base salary, bonuses and the grant of rights under both the Trust's Unit Rights Incentive Plan and Unit Award Incentive Plan. The compensation committee, when making such salary, bonus and other incentive determinations, takes into consideration individual salaries, bonuses and benefits paid to executives of other Canadian conventional oil and natural gas trusts and similar sized oil and natural gas companies with a view to ensuring that such overall compensation packages are competitive. Such information is obtained from the Mercer Human Resource Consulting ("Mercer") annual Canadian oil and gas industry salaries and benefits survey, which is prepared by independent consultants who regularly review compensation practices in Canada.

CEO Compensation

The compensation for the Chief Executive Officer is set annually by the Board of Directors. Salary, bonus and grants of units rights are determined based on both comparable compensation in the marketplace, as published by Mercer, and individual performance against set objectives.

Base Salaries

Base salaries for employees are determined with reference to comparable marketplace salaries, as published by Mercer. Harvest's salary levels are generally set below the median level for companies of comparable size

Bonus Program

Employee bonuses are also determined with reference to comparable marketplace amounts, as published by Mercer. Harvest's bonus levels are set in such a way that above average individual performance is rewarded with total cash compensation in excess of median levels for comparable positions in comparably sized companies.

Long-Term Trust Unit Rights Incentive Plan and Unit Award Incentive Plan

Rights are granted under our Trust Unit Rights Incentive Plan and Unit Award Incentive Plan to our directors, officers, employees and other service providers upon their commencement of service. Additional grants are made periodically to recognize the exemplary performance of, or the special contribution by, eligible individuals. An annual grant may be made to eligible individuals based on individual performance and our

performance during the most recently completed financial year in relation to expected performance. Additional grants may also be made to replace vested and/or expired rights.

Summary

The board believes that long term unitholder value is enhanced by compensation based upon corporate performance achievements. Through the plans described above, a significant portion of the compensation for all employees, including executive officers, is based on corporate performance, as well as industry-competitive pay practices.

Compensation Committee Members: John A. Brussa
M. Bruce Chernoff
Hector J. McFadyen

Compensation of Named Executive Officers

The following table sets forth information concerning the compensation paid to our Chief Executive Officer, Chief Financial Officer and the next three highest paid executive officers for the years ended December 31, 2004, 2003 and 2002.

| Name and Principal Position | Year | Annual Compensation | | | Securities Under Rights Granted (#) | All Other Compensation ⁽⁷⁾ |
|---|------|---------------------|------------|--------------------------------|-------------------------------------|---------------------------------------|
| | | Salary (\$) | Bonus (\$) | Other Annual Compensation (\$) | | |
| Jacob Roorda ⁽¹⁾ President | 2004 | 180,000 | 150,000 | | 5,000 | - |
| | 2003 | 120,000 | 144,534 | | Nil | - |
| | 2002 | 50,000 | - | | 175,000 | - |
| David J. Rain ⁽²⁾ Vice President, Chief Financial Officer and Corporate Secretary | 2004 | 62,247 | 75,000 | | 75,000 | - |
| | 2003 | - | - | - | 9,500 ⁽⁸⁾ | - |
| | 2002 | - | - | - | | - |
| J.A. Ralston ⁽³⁾ Vice President, Operations | 2004 | 170,000 | 150,000 | | 5,000 | - |
| | 2003 | 100,000 | 144,534 | | - | - |
| | 2002 | 45,834 | - | | 175,000 | - |
| James A. Campbell ⁽⁴⁾ Vice President, Geosciences | 2004 | 132,500 | 100,000 | 18,319 ⁽⁶⁾ | 10,000 | - |
| David M. Fisher ⁽⁵⁾ Vice President, Finance | 2004 | 106,677 | - | 14,428 ⁽⁶⁾ | 5,000 | 150,000 |
| | 2003 | 100,000 | 90,333 | | - | - |
| | 2002 | 20,833 | - | | 125,000 | - |

Notes:

- Mr. Roorda was appointed the President of Harvest Operations Corp. on August 1, 2002. Harvest Operations Corp. commenced active business in July, 2002. Prior to Mr. Roorda's appointment, Mr. Chernoff was the President of Harvest Operations Corp. Mr. Chernoff did not receive any compensation, including rights under the Trust's Unit Rights Incentive Plan, for acting as President of Harvest Operations Corp.
- Mr. Rain was appointed Vice President and Chief Financial Officer on August 11, 2004.
- Mr. Ralston was appointed Vice President, Operations of Harvest Operations Corp. on August 1, 2002.
- Mr. Campbell was promoted to Vice President, Geosciences on June 1, 2004.
- Mr. Fisher was appointed Vice President, Finance of Harvest Operations Corp. on October 7, 2002 and resigned from Harvest on August 11, 2004.
- Includes employer savings plan contributions of \$13,250 and \$10,667 for Mr. Campbell and Mr. Fisher, respectively.
- Includes amounts paid as compensation in connection with the resignation of the officer's employment.
- Trust unit rights granted to Mr. Rain as Corporate Secretary. Mr. Rain received no other compensation for this position.

Trust Unit Rights Granted During the Year Ended December 31, 2004

The following table sets forth details with respect to all rights granted under the trust unit rights incentive plan to our Chief Executive Officer, our Chief Financial Officer and the next three highest paid executive officers during 2004.

| Name | Securities Under Rights | % of Total Rights Granted to Employees in Financial Year | Weighted Average Exercise or Base Price (\$/Security) | Market Value of Securities Underlying Rights on the Date of Grant (\$/Security) | Expiration Date |
|------------------|-------------------------|--|---|---|--------------------|
| Jacob Roorda | 5,000 | 1.1 | 14.95 | 14.95 | June 22, 2008 |
| David J. Rain | 75,000 | 16.3 | 14.99 | 14.99 | July 14, 2009 |
| J.A. Ralston | 5,000 | 1.1 | 14.95 | 14.95 | June 22, 2008 |
| James A Campbell | 10,000 | 2.2 | 14.99 | 14.99 | July 14, 2009 |
| David M. Fisher | 5,000 | 1.1 | 14.95 | 14.95 | N/A ⁽¹⁾ |

Note:

- (1) These rights expired upon Mr. Fisher's resignation

The following table outlines the number of trust units issuable upon the exercise of outstanding rights, the weighted average exercise price of outstanding rights and the number of trust units available for future issuance under the plan.

| | # of trust units to be issued upon exercise of outstanding rights | Weighted-average exercise price of outstanding rights | # of available trust units available for future issuance under the plan |
|--|---|---|---|
| Trust units under Trust Unit Rights Incentive Plan approved by unitholders | 1,117,725 | 10.09 | 115,775 |
| Trust units under Trust Unit Rights Incentive Plan not approved by unitholders | - | - | - |

Trust Units Rights Exercises During the Year Ended December 31, 2004 and Year End Right Values

The following table sets forth with respect to our Chief Executive Officer, our Chief Financial Officer and the next three highest paid executive officers, the number of rights exercised and the number of unexercised rights and the value of in-the-money rights based upon the closing price of the trust units of \$22.95 on December 31, 2004.

| Name | Securities acquired on exercise (#) | Aggregate Value Realized (\$) | Unexercised unit rights at year-end (#) exercisable/unexercisable | Value of unexercised in-the-money unit rights at year-end ⁽¹⁾ (\$) exercisable/unexercisable |
|------------------|-------------------------------------|-------------------------------|---|---|
| Jacob Roorda | Nil | N/A | 87,500/92,500 | 1,745,625/1,860,375 |
| David J. Rain | Nil | N/A | 2,375/82,125 | 39,900/806,700 |
| J.A. Ralston | 87,500 ⁽²⁾ | 1,675,625 | 0/92,500 | 0/1,860,375 |
| James A Campbell | 42,250 | 771,063 | 1,825/57,225 | 24,203/997,120 |
| David M. Fisher | 62,500 | 946,875 | Nil | Nil |

Notes:

- (1) Based on the difference between the closing price of \$22.95 per trust unit on the TSX on December 31, 2004 and the grant price of the Trust Unit Incentive Right less distributions per Trust Unit paid after the date the Incentive Right was granted multiplied by the number of trust units under the Trust Unit Incentive Right.
- (2) Exercised in exchange for cash (no units acquired).

Directors

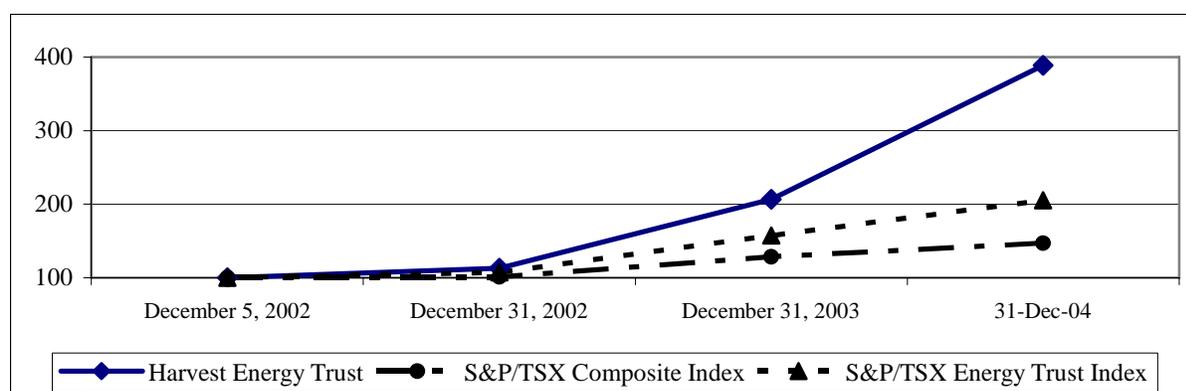
Each of the directors of Harvest Operations Corp., except for Mr. Chernoff, is paid an annual retainer of \$10,000, \$500 for each board meeting attended, \$500 for each committee meeting attended, if on a date different from a board meeting date, and is entitled to reimbursement for expenses incurred in carrying out their duties as directors. The directors are also entitled to participate in the Trust's Unit Rights Incentive Plan and the Unit Award Plan. Each of the directors (other than Mr. Chernoff) has been granted 25,000 unit rights under the Trust Unit Rights Incentive Plan.

Employment Contracts

Harvest Operations Corp. has not entered into employment agreements with any of its officers or senior employees. However, Harvest Operations Corp. intends to enter into employment agreements with each of its senior officers and such agreements are expected to contain industry standard severance and change of control provisions.

Performance Graph

The closing price of the Trust Units on the TSX on their first day of trading on December 5, 2002 was \$8.60. The closing price of the Trust Units on the TSX on December 31, 2004 was \$22.95. The following graph illustrates changes from December 5, 2002 to December 31, 2004, in cumulative Unitholder return, assuming an initial investment of \$100 in Trust Units with all cash distributions reinvested, compared to the S&P/TSX Composite Index and the TSX Energy Trust Index with all dividends and distributions reinvested.



| | December 5, 2002 | December 31, 2002 | December 31, 2003 | December 31, 2004 |
|----------------------------|------------------|-------------------|-------------------|-------------------|
| Harvest Energy Trust | 100 | 112.82 | 206.82 | 388.69 |
| S&P/TSX Composite Index | 100 | 101.33 | 128.41 | 147.00 |
| S&P/TSX Energy Trust Index | 100 | 107.42 | 157.27 | 205.25 |

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

In 1995, the TSX adopted a set of guidelines that were revised in 1999 relating to corporate governance matters. The guidelines address such matters as the constitution and independence of boards of directors, the functions to be performed by boards and their committees, and the relationship among an entity's board, management and shareholders. The TSX has prescribed that all entities listed on the TSX must annually disclose their approach to corporate governance with specific reference to each of the guidelines.

Set out below is a description of our corporate governance practices, some of which are provided by the terms of the Trust Indenture and others of which are established by the board of directors of Harvest Operations Corp.

| | TSX Guidelines | Alignment | Commentary |
|----|---|------------------|---|
| 1. | The Board of Directors should explicitly assume responsibility for stewardship of the Company, including the following matters: | Yes | The mandate of the board of directors of Harvest Operations Corp. is to accept responsibility for our stewardship to the extent delegated to Harvest Operations Corp. under the Trust Indenture and the stewardship of Harvest Operations Corp. and our other subsidiaries. In general terms, the board of directors, in consultation with the President of Harvest Operations Corp., defines our principal objectives and monitors our management of the business and affairs with the goal of achieving our principal objectives. |
| a. | adoption of a strategic planning process | Yes | The board of directors has assumed responsibility for the adoption of a strategic planning process through its review of forecasts and capital budgets from time to time, and approval of strategic plans which take into account, among other things, the opportunities and risks of the business. This review is performed on an annual basis and also in connection with material transactions we undertake. |
| b. | identification of principal risks, and implementing risk management systems | Yes | The board of directors, Audit Committee, and Reserve, Safety and Environment Committee perform the functions of identification of the principal risks of our business, the implementation of appropriate systems to manage these risks and the review of the integrity of the internal controls and management information systems. Directly and through the Audit Committee and the Reserve, Safety and Environment Committee, the board of directors monitors and receives periodic reports respecting operations, internal controls and business risks from management and the external auditors. |
| c. | succession planning and monitoring senior management | Yes | The board of directors is responsible for monitoring and reviewing the performance of the President and senior leadership team and for ensuring adequate succession for their positions. The Compensation Committee is specifically mandated to ensure that appropriate executive succession planning and performance evaluation programs are in place and operating effectively. The Compensation Committee conducts an annual review of the performance of the President. |
| d. | communications policy | Yes | The board of directors endeavours to ensure open, accessible and timely disclosure to unitholders and the public respecting our business, affairs and performance in full compliance with all applicable legal requirements. The board of directors approves major compliance and communication documents, including financial statements and management's discussion and analysis included in annual and quarterly reports, financing documents and other disclosure documents. The Audit Committee reviews financial risk management issues and the procedures to ensure the accurate and timely reporting of our financial and operating results to unitholders. |

| | TSX Guidelines | Alignment | Commentary |
|----|--|------------------|---|
| e. | integrity of internal control and management information systems | Yes | The board of directors is specifically mandated to ensure processes are in place to monitor and maintain the integrity of our financial reporting, internal control and management information systems and performs this function through its regular board meetings and through the activities of the Audit Committee and the Reserves, Safety and Environment Committee. |
| 2. | Majority of directors should be "unrelated", and how these conclusions were reached | Yes | The board of directors is presently comprised of 5 members. Mr. Brussa is considered an "outside" director, but may be a "related" director as his firm provides certain legal services to us. All of the other directors are considered to be "outside" and "unrelated" directors as they are independent of management and are free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to our best interests, other than interests arising from their ownership of trust units. |
| 3. | Appoint a committee composed exclusively of non-management directors, the majority of whom are unrelated, with the responsibility of proposing new board nominees and assessing directors. | Yes | The Corporate Governance Committee's mandate includes nomination procedures and orientation of new members. A majority of the Corporate Governance Committee is comprised of unrelated directors. The Committee is responsible for identifying and recommending new nominees to fill vacancies on, or to add additional directors to, the board of directors as required. |
| 4. | Implement a process for assessing the effectiveness of the Board of Directors, its committees and individual directors | Yes | Board nominations have historically been handled by the board of directors as a whole. The Corporate Governance Committee has implemented an informal process for the assessment and evaluation of the performance and contribution of individual members of the board of directors and will evaluate on an ongoing basis the effectiveness of the board of directors and its committees. |
| 5. | Provide orientation and education programs for new directors | Yes | The mandate of the Corporate Governance Committee includes the development and periodic review of orientation and education programs for new directors. |
| 6. | Consider size of Board of Directors, and impact of the number on Board effectiveness | Yes | The Corporate Governance Committee has determined that the proposed size of the board of directors is appropriate as it is large enough to permit a diversity of views without being too large to detract from the board of directors efficiency and effectiveness. |
| 7. | Review compensation of directors | Yes | The Compensation Committee reviews annually the form and amount of compensation to ensure that such compensation reflects the responsibilities and |

| | TSX Guidelines | Alignment | Commentary |
|-------|--|------------------|---|
| | | | risks of being an effective director. The Compensation Committee benchmarks directors compensation against compensation received by directors in similar positions. The board of directors will set director compensation based upon recommendations from this committee. |
| | | | |
| 8. | Committees should generally be composed of non-management directors and a majority of committee members should be unrelated | Yes | All committees of the board of directors are composed of non-management directors and all committees have a majority of unrelated directors. |
| | | | |
| 9. | Appoint a committee responsible for the Trust's approach to corporate governance issues | Yes | The Corporate Governance Committee assists the board of directors in matters pertaining to our approach to governance issues, the organization and composition of the board of directors, the organization and conduct of board of directors meetings, and the effectiveness of the board of directors in performing and fulfilling its responsibilities. |
| | | | |
| 10.a. | Define limits to management's responsibilities by developing mandates for: | | |
| i. | the Board of Directors | Yes | The board of directors has developed and approved its mandate, which includes a description of its major goals and duties. |
| ii. | the Chief Executive Officer | Yes | Annually the board of directors and the President define the main role of the position and identify the key functions for the President to fulfill in the next year. |
| b. | Board of Directors should approve the Chief Executive Officer's corporate objectives | Yes | The corporate objectives for which the President is responsible are reviewed by the board of directors on an annual basis. |
| | | | |
| 11. | Establish structures and procedures to enable the Board of Directors to function independently of management | Yes | The board of directors has determined to meet quarterly without management present to ensure that the functioning of the board of directors is independent of management. The Chairman of the Board is independent of management. The committees of the board of directors meet independently of management when warranted. |
| | | | |
| 12. | Ensure an Audit Committee consisting of non-management directors has a specifically defined mandate and direct communication channels with external auditors | Yes | The board of directors has established an Audit Committee comprised entirely of non-management directors and has specifically defined its roles and responsibilities in its mandate. The mandate of the Audit Committee includes the following objectives: |
| | | | <ul style="list-style-type: none"> to assist directors in meeting their responsibilities (particularly for accountability) in respect of the preparation and disclosure of our financial statements and related matters |
| | | | <ul style="list-style-type: none"> to ensure that we comply with all applicable laws, regulations, rules, policies and other requirements of governments, regulatory |

| | TSX Guidelines | Alignment | Commentary |
|-----|---|------------------|---|
| | | | agencies and stock exchanges relating to financial reporting and disclosure; |
| | | | <ul style="list-style-type: none"> to ensure that our accounting functions are performed in accordance with a system of internal controls designed to capture and record properly and accurately all of the financial transactions; |
| | | | <ul style="list-style-type: none"> to provide better communication between directors and external parties; |
| | | | <ul style="list-style-type: none"> to ensure our external auditor's independence; |
| | | | <ul style="list-style-type: none"> to increase the credibility and objectivity of financial reports; and |
| | | | <ul style="list-style-type: none"> to strengthen the role of the outside directors by facilitating in-depth discussions between directors on the Audit Committee, management and external auditors. |
| | | | The Audit Committee's responsibilities include overseeing the nature and scope of the annual audit, to provide an assessment of qualifications and experience of audit firms available to perform our annual audit, management's reporting on internal accounting standards and practices, financial information and accounting systems and procedures, review of major financial reports, documents and statements and recommending, for board of director approval, the audited financial statements and other mandatory disclosure releases containing financial information. The Audit Committee has regular access to the internal accounting group of management and meets with the external auditors at least twice a year. The mandate of the Audit Committee expressly requires the approval by it of any non-audit assignments by our external auditor. |
| | | | |
| 13. | Ensures a Reserve Audit Committee has been mandated and has direct communication with external oil and gas reserve evaluators | Yes | The board of directors has established a Reserves, Safety and Environment Committee comprised of 3 unrelated directors. The Reserves, Safety and Environment Committee's responsibilities include reviewing the annual evaluation reports on our oil and gas reserves, periodically reviewing the qualifications, experience and independence of the consulting engineering firms reporting on our oil and natural gas reserves and meeting with the engineers employed or otherwise retained by the us who prepare such reports. |
| 14. | Implement a system to enable individual directors to engage outside advisors at the Company's expense | Yes | Individual directors may engage outside advisors, at our expense, in appropriate circumstances |

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

There are no material interests, direct or indirect, of our insiders, proposed nominees for election as directors, or any associate or affiliate of such insiders or nominees since January 1, 2004, or in any proposed transaction which has materially affected or would materially affect us or any of our subsidiaries except as set forth below.

On January 29, 2004, M. Bruce Chernoff (a director and Chairman of Harvest Operations Corp.) acquired \$4,500,000 principal amount of 9% Convertible Unsecured Subordinated Debentures at a price of \$1,000 per debenture. The debentures acquired were issued as part of the January 21, 2004 public offering in which a total of \$60,000,000 principal amount of debentures were issued by us. The debentures purchased by Mr. Chernoff were acquired on the same terms and conditions as all other debentures issued under the offering.

On July 30, 2004, Mr. Chernoff, John Brussa (a director of Harvest Operations Corp.), Hector McFadyen (a director of Harvest Operations Corp.), Hank Swartout (a director of Harvest Operations Corp.) and Verne Johnson (a director of Harvest Operations Corp.) acquired 1,500,000, 55,000, 10,000, 200,000 and 15,000 trust units, respectively, at a price of \$14.40 per trust unit. Jacob Roorda (the President of Harvest Operations Corp.), Al Ralston (the Vice President, Operations of Harvest Operations Corp.), James Campbell (the Vice President, Geosciences of Harvest Operations Corp.), and David Rain (the Vice President and CFO of Harvest Operations Corp.) acquired 21,600, 9,895, 7,000 and 27,000 trust units, respectively, at a price of \$14.40 per trust unit. The trust units purchased by officers and directors were acquired on the same terms and conditions as all other trust units issued under the July 15, 2004 public offering.

On July 28, 2003, Harvest entered into separate equity bridge note agreements with Mr. Chernoff and Caribou Capital Corp., (collectively, the "Equity Bridge Notes") under which Harvest had drawn \$25,000,000 as at December 31, 2003. On January 2, 2004 Harvest paid \$665,068 in accrued interest on the notes. On January 26 and 29, 2004 Harvest repaid the remaining \$25,000,000 of equity bridge principal amounts outstanding and paid \$185,232 of interest accrued since December 31, 2003. The Equity Bridge Notes were amended on June 29, 2004, July 7, 2004 and July 9, 2004 to assist with the acquisition by Harvest Operations of Storm and the acquisition of the EnCana assets. The notes were drawn by \$30 million and repaid as to \$20 million on August 11, 2004 and \$10 million on December 30, 2004. The Equity Bridge Notes are secured by a fixed and floating charge on Harvest's assets, are subordinate to the security interests of senior secured lenders, mature on July 31, 2005 for the Equity Bridge with Caribou and January 1, 2005 for the Equity Bridge with Mr. Chernoff and bear interest at a rate of 10% per annum.

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS AND OTHERS

At no time since incorporation has there been any indebtedness of any director or officer of Harvest Operations Corp., or any associate of any such director or officer, to us or Harvest Operations Corp. or to any other entity which is, or at any time since the beginning of the most recently completed financial period has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by us or Harvest Operations Corp.

INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON

Our management is not aware of any material interest of any director or executive officer or anyone who has held office as such since the beginning of our last financial year or of any associate or affiliate of any of the foregoing in any matter to be acted on at the meeting, save as is disclosed herein.

ADDITIONAL INFORMATION

We undertake to provide, upon request, a copy of our 2004 annual report, containing financial information in the management's discussion and analysis of financial condition and results of operations and the 2004 audited consolidated financial statements sections, as well as a copy of our annual information form, subsequent interim financial statements and this information circular - proxy statement. Our annual information form also contains disclosure relating to our audit committee and the fees paid to KPMG LLP in 2004. Copies of these documents may

be obtained on request without charge from the Vice President and Chief Financial Officer of Harvest Operations Corp. at 2100, 330 - 5th Avenue S.W. Calgary, Alberta T2P 0L4, telephone (403) 261-8205 or by accessing the disclosure documents available through the Internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) website at *www.sedar.com*.

OTHER MATTERS

Our management knows of no amendment, variation or other matter to come before the meeting other than the matters referred to in the notice of annual and special meeting. However, if any other matter properly comes before the meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person voting the proxy.

The contents and the sending of this information circular – proxy statement have been approved by our directors.

Dated: March 16, 2005