



Harvest Energy Trust

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

HARVEST ENERGY TRUST, STORM ENERGY LTD. AND STORM EXPLORATION INC. ANNOUNCE COMPLETION OF PLAN OF ARRANGEMENT

Calgary, June 30, 2004 (TSX: HTE.UN) – Harvest Energy Trust ("Harvest") (HTE.UN - TSX), Storm Energy Ltd. ("Storm") (SEM - TSX) and Storm Exploration Inc ("ExploreCo") (SEO – TSX) announced today that they have completed the previously announced Plan of Arrangement (the "Arrangement") whereby Harvest acquired all the outstanding shares of Storm for approximately \$189 million. Pursuant to the Arrangement, Harvest and Storm have combined their assets into Harvest and have transferred certain of Storm's assets to ExploreCo, a separate junior exploration and production company which will be owned by the former Storm shareholders.

Each Storm shareholder received \$4.15 of consideration per Storm share from Harvest either in cash, Harvest trust units and exchangeable shares or a combination thereof. Additional consideration payable to shareholders of Storm is made up of one share of ExploreCo or a cash amount of \$2.00, and 0.053 of a share in Rock Energy Inc. ("Rock") (RE – TSXV) for each Storm share. The consideration paid by Harvest consisted of an aggregate \$75 million in cash, 601,000 exchangeable shares of Harvest Operations Corp., exchangeable into an equivalent number of Harvest trust units and 2.720 million Harvest trust units.

As a result of elections made by Storm shareholders each Storm shareholder who elected to receive exchangeable shares will receive their entire total elected amount in exchangeable shares. Each Storm shareholder who elected to receive trust units will receive their entire total elected amount in trust units. Lastly, each Storm shareholder who elected to receive cash will receive 79% of their total elected amount in cash and 21% of their total elected amount in trust units.

Each exchangeable share is exchangeable into one Harvest trust unit at any time following completion of the Plan of Arrangement for no additional consideration. This exchange ratio will increase by the amount of monthly distributions made by Harvest subsequent to June 30, 2004, including the distribution payable on July 15th, 2004. Non-resident and tax exempt shareholders of Storm were only eligible to receive trust units or cash from Harvest.

The shareholders of Storm approved the Arrangement at a special meeting held on June 28, 2004.

Benefits to Harvest Unitholders:

Harvest believes the properties acquired through the Arrangement will enhance value for Unitholders by providing the following strategic and financial benefits:

- accretive to Harvest's 2004 cash flow per trust unit;
- effective June 30, 2004, increase Harvest's production by approximately 27% to 19,000 BOE/d;
- diversify Harvest's production base by adding current production of approximately 4,000 BOE/d (1.5 mmcf/d, 3,800 bpd) of natural gas and light oil production;
- increase Harvest's proved plus probable reserve base⁽¹⁾ by 42%, to approximately 47 million BOE;
- increase Harvest's reserve weighting to light/medium oil to 76%, reducing heavy oil weighting to approximately 18%;
- based on current production, increase Harvest's proved plus probable reserve life index from approximately 6 to 6.6;
- enhance Harvest's netbacks as a result of the average lower operating cost of the Storm properties and higher per BOE realizations;
- provide an expanded base of production compatible with Harvest's proven operating competencies; and
- add a new core area for additional low cost growth in the form of property enhancement and consolidation of additional interests through acquisitions.

⁽¹⁾ As determined by independent evaluation, effective January 1, 2004.

Although the Arrangement is accretive to cash flow per trust unit, Harvest currently forecasts that it will maintain its monthly distribution at \$0.20 per trust unit, subject to the approval of Harvest's Board of Directors. Additional cash flow derived from the Arrangement will be used to fund Harvest's ongoing property enhancement program, acquisition strategy and to repay debt.

2004 Full Year Guidance:

Combining the incremental production from the properties being acquired through the Arrangement for the period from July 1, 2004 to December 31, 2004 with Harvest's existing base of production, Harvest expects average production for 2004 to be between 16,750 and 17,000 BOE/d, with an estimated exit rate for December 2004 of between 18,750 and 19,250 BOE/d.

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