News Release

Sustainable Growth

HARVEST ENERGY ANNOUNCES SECOND QUARTER 2008 RESULTS AND CONTINUES C$0.30 MONTHLY DISTRIBUTION

Calgary, Alberta – August 11, 2008 (TSX: HTE.UN; NYSE: HTE) – Harvest Energy ("Harvest") today announces the release of its second quarter 2008 financial and operating results. The unaudited financial statements, notes and MD&A pertaining to the period ended June 30, 2008 are filed on SEDAR at www.sedar.com and are available on Harvest's website at www.harvestenergy.ca. All figures reported herein are Canadian dollars unless otherwise stated.

Corporate Highlights:

- Cash from Operating Activities before changes in non-cash working capital and asset retirement obligations was $183.5 million ($1.21 per Trust Unit), and $210.5 million ($1.39 per Trust Unit) after these items. This resulted in distributions declared as a percentage of Cash from Operating Activities of 75% and 65%, respectively;
- Subsequent to the end of the quarter, declared the C$0.30 per unit monthly distribution for each of August, September and October;
- Subsequent to the end of the quarter, appointed William D. Robertson, FCA to Harvest's Board of Directors.

Upstream Highlights:

- Upstream production of 55,574 barrels of oil equivalent per day (boe/d) indicates good operational performance slightly offset by spring break-up and extended turnarounds at third party facilities;
- Upstream operating cash flow of $309.8 million reflects strong crude oil and natural gas prices, stable production volumes and operating netbacks that were 122% higher than the same quarter the previous year;
- Capital investments of $39.7 million in our western Canadian upstream business contributed to our stable production volumes and resulted in the drilling of 12 gross wells with a 100% success rate;
- We achieved excellent results from our enhanced waterflood project at Hay River completed during the first quarter, commenced the waterflood project at Suffield early in the third quarter and continued to make good progress on our enhanced oil recovery projects at Bellshill and Wainwright.

Downstream Highlights:

- Good performance from the operating units at the refinery, but the weaker high sulphur fuel oil (HSFO) market prompted a reduction in throughput to 100,422 bbl/d as well as operational and feedstock changes to reduce HSFO production through the quarter;
- Downstream operating cash flow was slightly above break-even, contributing $1.3 million. Distillate margins remained strong through the quarter, gasoline margins were higher than the previous quarter, but were offset by significantly weaker margins on HSFO as well as higher costs for feedstock and purchased energy needed to run the refinery;
- Invested $8.6 million in capital improvement projects, including $4.1 million for continued work on the visbreaker enhancement project, with the balance invested in discretionary projects designed to improve reliability and performance; and
- An analysis of the potential refinery enhancement opportunities was completed by a global engineering firm during the quarter, which validates the previous work done on the attractive investment options, including exploiting existing opportunities for de-bottlenecking, further reducing feedstock costs, and upgrading HSFO into higher valued products. Next steps will include review of the extensive data contained in the report as well as options for project structure, financing and identifying potential partnering candidates.

Financial & Operating Highlights

The table below provides a summary of our financial and operating results for the three and six month periods ended June 30, 2008 and 2007.

	Three Months Ended June 30			Six Months Ended June 30		
($000s except where noted)	**2008**	2007	Change	**2008**	2007	Change
Revenue, net[1]	**1,622,079**	1,133,450	43%	**2,999,431**	2,158,962	39%
Cash From Operating Activities before changes in non-cash working capital and asset retirement obligations	**183,455**	244,461	(25%)	**368,841**	458,402	(20%)
Per trust unit, basic	**$1.21**	$1.83	(34%)	**$2.44**	$3.51	(30%)
Cash From Operating Activities	**210,534**	251,218	(16%)	**338,653**	362,266	(7%)
Per trust unit, basic	**$ 1.39**	$ 1.88	(26%)	**$ 2.24**	$ 2.78	(19%)
Per trust unit, diluted	**$ 0.83**	$ 1.67	(50%)	**$ 1.35**	$ 2.52	(46%)
Net Income (Loss)[2]	**(162,063)**	6,248	(2,694%)	**(162,409)**	76,098	(313%)
Per trust unit, basic	**$ (1.07)**	$ 0.05	(2,240%)	**$ (1.08)**	$ 0.58	(286%)
Per trust unit, diluted	**$ (1.07)**	$ 0.05	(2,240%)	**$ (1.08)**	$ 0.58	(286%)
Distributions declared	**137,001**	154,057	(11%)	**272,168**	299,327	(9%)
Distributions declared, per trust unit	**$ 0.90**	$ 1.14	(21%)	**$ 1.80**	$ 2.28	(21%)
Distributions declared as a percentage of Cash From Operating Activities before changes in non-cash working capital and asset retirement obligations	**75%**	63%	12%	**74%**	65%	9%
Distributions declared as a percentage of Cash From Operating Activities	**65%**	61%	4%	**80%**	83%	(3%)
Bank debt				**1,035,285**	1,047,965	(1%)
$7^{7/8}$% Senior Notes				**248,836**	258,387	(4%)
Convertible debentures[3]				**821,877**	681,000	21%
Total long-term debt[3]				**2,105,998**	1,987,352	6%
Total assets				**5,637,879**	5,613,333	-%
UPSTREAM OPERATIONS						
Daily Production						
Light to medium oil (bbl/d)	**25,365**	27,586	(8%)	**25,439**	27,311	(7%)
Heavy oil (bbl/d)	**12,092**	14,719	(18%)	**12,534**	15,164	(17%)
Natural gas liquids (bbl/d)	**2,614**	2,338	12%	**2,549**	2,417	5%
Natural gas (mcf/d)	**93,014**	98,078	(5%)	**97,792**	99,671	(2%)
Total daily sales volumes (boe/d)	**55,574**	60,989	(9%)	**56,820**	61,504	(8%)
Operating Netback ($/boe)	**$ 62.98**	$ 28.35	122%	**$ 53.97**	$ 29.08	86%
Cash capital expenditures	**39,669**	48,221	(18%)	**119,240**	196,708	(39%)
DOWNSTREAM OPERATIONS						
Average daily throughput (bbl/d)	**100,422**	115,570	(13%)	**106,211**	114,646	(7%)
Aggregate throughput (mbbl)	**9,138**	10,517	(13%)	**19,330**	20,751	(7%)
Average Refining Margin (US$/bbl)	**$ 5.66**	$ 15.64	(64%)	**$ 7.36**	$ 13.69	(46%)
Cash capital expenditures	**8,619**	9,871	(13%)	**14,646**	14,754	(1%)

(1) Revenues are net of royalties.

(2) Net Income (Loss) includes a future income tax recovery of $95.2 million and $117.0 million for the three and six months ended June 30, 2008 respectively (expense of $177.7 million and $177.7 million for the three and six months ended June 30, 2007) and an unrealized net loss from risk management activities of $305.1 million and $366.0 million for the three and six months ended June 30, 2008 respectively (gain of $11.0 million and loss of $3.1 million for the three and six months ended June 30, 2007).

(3) Includes current portion of Convertible Debentures.

Message to Unitholders

Through the second quarter and first half of 2008, we have experienced strong performance from our upstream business segment and continue to make progress in our analyses and planning for major capital investment opportunities in the downstream business. During this period of high crude oil prices and narrow heavy oil differentials, our oil weighted upstream asset base has contributed significantly to our overall operating cash flow, and our full exposure to natural gas prices has been beneficial as gas prices have strengthened. Our corporate cash flow before changes in non-cash working capital and asset retirement obligations totaled $183.5 million, ($1.21 per trust unit) for the quarter, resulting in distributions as a percentage of cash flow of 75%. This financial performance, coupled with our expectations for the second half of 2008 resulted in Harvest maintaining our current $0.30 per unit monthly distribution level for August, September and October.

Upstream

Our operating cash flow from the upstream business segment was $309.8 million during the second quarter, driven largely by a very strong commodity price environment. We realized operating netbacks that were 39% higher than the previous quarter, and 122% higher than the same quarter last year. Excluding the impact of an extended turnaround at a 3rd party operated gas plant in our Bashaw area, our average upstream volumes of 55,574 boe/d were right on budget for the period.

We continued to execute our capital program in the second quarter, investing $39.7 million into drilling 12 new wells which realized a 100% success rate. Our drilling activities were primarily focused in Southeast Saskatchewan where we drilled 4 wells including one horizontal well that confirmed a geological extension to our Kenosee pool, resulting in initial production rates of approximately 300 bopd of light oil from that one well, and Ferrier where we drilled 2 wells including a successful third delineation well into our Ostracod gas discovery from late 2007.

In addition to the near term impacts realized by drilling & optimization, our teams are also very focused on longer term opportunities with Enhanced Oil Recovery (EOR) projects, and continued to work on our active EOR projects during the second quarter. We realized a benefit from the Hay River waterflooding enhancement and optimization project, which involved the injection of incremental source water back into the reservoir to support and enhance our reservoir performance. The cost of this project was less than expected and yet resulted in an average boost of 600 boe/d to our production in the second quarter over the first quarter 2008. We expect that Hay River will be a very active region for our winter 2008/2009 drilling season in light of the improved reservoir response. We made good progress on our enhanced waterflood projects during the quarter, with our Suffield project now on injection, and our Bellshill enhanced waterflood expected to be on injection early in the fourth quarter. Based on the progress of these two projects, we would anticipate a production response by early 2009. For our Wainwright polymer flood, we began construction of the mixing skid in the second quarter and anticipate that we will be injecting the first slug of polymer into the reservoir in the fourth quarter of 2008, with a production response expected by mid-2009.

Over the medium to longer-term, we have identified follow-on EOR projects which include acid gas / solvent injection at Hayter, enhanced brine injection in Kindersley and further chemical flood (Polymer/Alkaline Surfactant Polymer) opportunities in Hardisty, Suffield and Hay River. In addition to these EOR opportunities, we are also looking at other long-term projects such as the delineation and optimal development strategy for our 47,000 net acres of oilsands leases, and the potential for CO_2 flooding across a large portion of our asset base. The Alberta government announced recently that there is $2 billion available of funding for carbon capture and storage which will facilitate development of CO_2 floods in the province. Other long-term development options for Harvest include our large resource base of assets in Coal Bed Methane (CBM), which we are continuing to investigate for future development. We are currently working to further quantify this resource, which would underlay approximately 155,000 net acres of Harvest rights in the main CBM fairway through Alberta.

In addition to our drilling, optimization and other value-added activities in the upstream, we continue to seek opportunities to make acquisitions that supplement our existing portfolio with assets we can acquire at good metrics. Through the quarter, we screened a number of potential acquisition opportunities, with two such opportunities that we were successful in acquiring. The first of these transactions closed in late July, and resulted in Harvest successfully adding approximately 750 boe/d through the acquisition of a small, private oil and gas company. The acquired production is split equally between light gravity (38° API) crude oil from the Slave Point / Granite Wash formations that complements our existing operations in the Red Earth area of Alberta, and shallow, sweet natural gas from the Mannville formation. We also entered into an agreement to acquire a 100% working interest in an operated property at Cecil in northern Alberta plus an average working interest of approximately 40% in non-operated properties in the same area with a portion of the non-operated properties subject to a right of first refusal. The Cecil properties averaged approximately 1,900 boe/d of production in the first quarter of 2008, comprised of 1,225 bbl of medium gravity crude oil and natural gas liquids, and 3,920 thousand cubic feet (mcf) of natural gas. This transaction is expected to close in late August. We will continue to look for opportunities to optimize, consolidate and rationalize assets in this environment, with the view to realizing maximum value for our unitholders.

Downstream

Despite good operational performance from the refinery and marketing operations, the financial performance of the downstream business has been challenged by the rapid rise of crude oil prices and the lagging finished product markets. Consistent with the strategy for all of our assets, we strive to continuously improve the performance of these operations. This includes not only operational improvements that can be undertaken to improve gross margins, but also a focus on cost reduction and efficiency projects. We are unwavering in our commitment to control operating costs and taking a prudent approach to all capital investment opportunities to ensure the maximum return on our invested dollars.

We have taken steps to mitigate the impact lagging product prices have had on our refining margins, including shifting our feedstock mix in an effort to minimize production of high sulfur fuel oil (HSFO), which has realized particularly weak market prices so far this year. Since the beginning of 2008, distillate prices have been higher than gasoline prices, which is uncommon this time of year. To capitalize on the inherent capability of our hydrocracking refinery to produce a distillate weighted product mix, we have also varied our feedstocks and altered our operations to maximize distillate yields. In addition to impacting feedstock costs, strong crude prices also negatively impact our refinery operating costs because we must purchase low sulfur fuel oil (LSFO) to fuel our process heaters.

Despite the financial challenges faced by the refining industry today, it is a cyclical business that we firmly believe will make a more significant contribution to our cash flow in better markets. The forward markets for refining margins in the second half of 2008 and 2009 show an improving business, and in fact we have already seen some strengthening in heavy fuel oil margins. We recognize that the downstream business segment represents a very long-life asset which enables us to consider some discretionary but highly attractive capital investment projects. Through late 2007 and to date in 2008, we have been working on an expansion to our visbreaker unit, which is progressing very well and is on time and on budget. Construction of the vessel is complete and has been delivered to North Atlantic, with implementation of the vessel expected to continue through October with full resumption of the expanded visbreaker expected by the beginning of November. As a result, we anticipate fourth quarter throughput at the refinery to average 93,000 bpd, but upon completion expect to experience significantly improved margins on approximately 1,500 bpd of HSFO.

Longer term, we have identified a major growth opportunity at the refinery, an investment estimated at approximately $2 billion. A global engineering firm has completed an analysis of previous studies completed by refinery engineers and has generally validated the earlier conclusions regarding technical feasibility and preliminary design of major reconfiguration opportunities. The expansion recommended in the report is a capital investment estimated at about $2 billion. This would incorporate three major elements: 1) an expansion of the crude unit up to 190,000 bpd of a mix of heavy sour and medium sour oil; 2) the installation of a delayed coking unit to upgrade all of the negative margin, high sulphur fuel oil we produce into valuable distillate and gasoline products; and 3) expansion / reconfiguration of existing units and installation of new units in the refinery to enable processing of heavier, more sour grades of crude oil which sell at even greater discounts than our current crude slate. Economic analyses indicate the projected return on investment and other financial metrics are compelling. Our next steps will include a thorough review of the extensive data and information provided by the engineering firm, selection of general project design for more extensive study and engineering, expansion of our evaluation beyond the technical and operational issues into options for project structure and financing, and then identifying potential partnering candidates who may be interested in participating in such an investment opportunity.

Corporate

Early in the quarter, we successfully closed a $250 million convertible debenture issue which enabled Harvest to increase the undrawn, committed bank line to $500 million while also further extending the maturity on our debt. A goal for us going forward is to continue to improve our flexibility by repaying our bank debt and freeing up room on our credit facility that we can use to pursue value-added acquisitions or other accretive projects.

Part of our strategy includes managing risk, which we have strived to do by engaging in price risk management activities to protect our cash flow and distributions from volatility. Although our existing risk management contracts do limit our full participation in the current oil price environment, the existing contracts are reduced for the second half of 2008, reduced again for the first half of 2009, and we currently have no contracts in place beyond June of 2009. We also mitigate risk by focusing efforts on maintaining high standards of environmental, health & safety (EH&S) performance. As a result of our commitment to good EH&S practices in both the upstream and downstream business segments, we continue to be an industry leader in this area.

A higher price environment not only contributes to additional cash flow generation, but it also impacts the underlying value of our reserves. We had our third party engineers do a calculation of the value of our year end reserves based on current pricing rather than the pricing in place at the end of 2007, and estimate that the present value of our Proved + Probable reserves discounted at 10% has increased by almost 45%. In this type of pricing environment, it would appear that the value of the assets is not fully recognized by the market. We continue to work with current and potential investors to increase the understanding of our very long life asset base and significant opportunity for value creation within our existing portfolio.

With respect to the pending 2011 trust tax, Harvest's tax and legal advisors are reviewing the draft legislation that, if passed, will allow us to convert to a corporate structure on a tax-free basis. While we continue to evaluate other potential alternatives, including a US Master Limited Partnership (MLP) or some other structure, we consider conversion to a dividend-paying Canadian corporate entity to be our base case scenario. Since we can still benefit from two more years in the trust structure, we would likely look to convert sometime in 2010.

Today, we are very pleased to announce the appointment of William (Bill) D. Robertson, FCA to Harvest's Board of Directors. Mr. Robertson has a distinguished 36 year career with Price Waterhouse and PriceWaterhouseCoopers, focused almost exclusively on auditing larger public companies in the oil and gas sector. Mr. Robertson retired as an active partner in 2002 and serves on the board for several public companies in the energy sector. He is also a past member of the CIM Petroleum Society Standing Committee on Reserve Definitions, the Alberta Securities Commission Financial Advisory Committee, the working sub-committee of the Alberta Securities Commission Taskforce of Oil and Gas Reporting and the Council of the Institute of Chartered Accounts of Alberta. I would also like to recognize Jacob Roorda, who left the company in the second quarter, for his many years of valued contributions to Harvest's growth. We wish him all the best in his future endeavours.

In closing, I would like to thank all of our Unitholders for your support as we weather the challenging times in the downstream business and enjoy the attractive times in the upstream business. As always, I would encourage you to contact us with your feedback and questions about Harvest Energy.

Distribution Declaration

The distributions declared are based on forecast commodity price levels and operating performance that are consistent with the current environment.

Record Date	Ex-Distribution Date	Payment Date	$Cdn Distribution Amount
August 22, 2008	August 20, 2008	Sept. 15, 2008	$0.30
Sept. 22, 2008	Sept. 18, 2008	Oct. 15, 2008	$0.30
Oct. 22, 2008	Oct. 20, 2008	Nov. 17, 2008	$0.30

The Cdn$0.30 per unit is equivalent to approximately US$0.28 per unit if converted using a Canadian/U.S. dollar exchange rate of 0.9367. For U.S. beneficial holders, the U.S. dollar equivalent distribution will be based upon the actual Canadian/U.S. exchange rate applied on the payment date and will be net of any Canadian withholding taxes that may apply.

Conference Call & Webcast

Harvest will be hosting a conference call and Webcast to discuss our second quarter 2008 results at 9:00 a.m. Mountain time (11:00 a.m. Eastern time) on August 12th, 2008. Callers may dial 888-575-8232 (international callers or Toronto local dial 416-406-6419) a few minutes prior to start and request the Harvest conference call. The call will also be available for replay by dialing 800-408-3053 (international callers or Toronto local dial 416-695-5800) and entering passcode 3265692.

Webcast listeners are invited to go to the Investor Relations – Presentations & Events page of the Harvest Energy website at www.harvestenergy.ca for the live Webcast and/or a replay of the Webcast.

Harvest is a significant operator in Canada's energy industry offering Unitholders exposure to an integrated structure with upstream and downstream segments. We focus on identifying opportunities to create and deliver value to Unitholders through monthly distributions and unit price appreciation. Given our size, liquidity and integrated structure, Harvest is well positioned to complement our internal portfolio with value-added acquisitions that help drive our Sustainable Growth strategy. Our upstream oil and gas production is weighted approximately 72% to crude oil and liquids and 28% to natural gas, and is complemented by our long-life refining and marketing business. Harvest trust units are traded on the Toronto Stock Exchange ("TSX") under the symbol "HTE.UN" and on the New York Stock Exchange ("NYSE") under the symbol "HTE".

ADVISORY

Certain information in this press release, including management's assessment of future plans and operations, contains forward-looking information that involves risk and uncertainty. Such risks and uncertainties include, but are not limited to, risks associated with: imprecision of reserve estimates; conventional oil and natural gas operations; the volatility in commodity prices and currency exchange rates; risks associated with realizing the value of acquisitions; general economic, market and business conditions; changes in environmental legislation and regulations; the availability of sufficient capital from internal and external sources; and, such other risks and uncertainties described from time to time in Harvest's regulatory reports and filings made with securities regulators.

Forward-looking statements in this press release may include, but are not limited to, production volumes, operating costs, commodity prices, capital spending, access to credit facilities, and regulatory changes. For this purpose, any statements that are contained in this press release that are not statements of historical fact may be deemed to be forward-looking statements. Forward-looking statements often contain terms such as "may", "will", "should", "anticipate", "expects" and similar expressions.

Readers are cautioned not to place undue reliance on forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Harvest assumes no obligation to update forward-looking statements should circumstances or management's estimates or opinions change. Forward-looking statements contained in this press release are expressly qualified by this cautionary statement.

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