

**Harvest Energy does not issue K-1's.** *Unitholders that hold their investment in Harvest through a broker or other intermediary will receive an IRS Form 1099-DIV "Dividends and Distributions" ("Form 1099-DIV") that contains information in respect of the distributions paid in that year. Unitholders are encouraged to review the Form 1099-DIV carefully as it may contain incorrect information.*

**2009 Tax Year**

All distributions paid in 2009 were deemed 100% taxable as dividend. No amount (0%) of the distributions was a return of capital. The following information is provided for general information only. As such, Harvest recommends that all non-resident unitholders obtain independent legal or tax advice on the impact to them of holding Harvest units. Given that most non-resident unitholders reside in the U.S., the discussion below is intended to provide general information for U.S. unitholders only.

**2008 Tax Year**

All distributions paid in 2008 were deemed 100% taxable as dividend. No amount of the distributions was a return of capital. The following information is provided for general information only. As such, Harvest recommends that all non-resident unitholders obtain independent legal or tax advice on the impact to them of holding Harvest units. Given that most non-resident unitholders reside in the U.S., the discussion below is intended to provide general information for U.S. unitholders only.

**2007 Tax Year**

All distributions paid in 2007 were deemed 100% taxable as dividend. No amount of the distributions was a return of capital. The following information is provided for general information only. As such, Harvest recommends that all non-resident unitholders obtain independent legal or tax advice on the impact to them of holding Harvest units. Given that most non-resident unitholders reside in the U.S., the discussion below is intended to provide general information for U.S. unitholders only.

**2006 Tax Year**

All distributions paid in 2006 were deemed 100% taxable as dividend. No amount of the distributions was a return of capital. The following information is provided for general information only. As such, Harvest recommends that all non-resident unitholders obtain independent legal or tax advice on the impact to them of holding Harvest units. Given that most non-resident unitholders reside in the U.S., the discussion below is intended to provide general information for U.S. unitholders only.

**2005 Tax Year**

All distributions paid in 2005 were deemed 100% taxable as dividend. No amount of the distributions was a return of capital. The following information is provided for general information only. As such, Harvest recommends that all non-resident unitholders obtain independent legal or tax advice on the impact to them of holding Harvest units. Given that most non-resident unitholders reside in the U.S., the discussion below is intended to provide general information for U.S. unitholders only.

### **2004 Tax Year**

All distributions paid in 2004 were deemed 100% taxable as dividend. No amount of the distributions was a return of capital. The following information is provided for general information only. As such, Harvest recommends that all non-resident unitholders obtain independent legal or tax advice on the impact to them of holding Harvest units. Given that most non-resident unitholders reside in the U.S., the discussion below is intended to provide general information for U.S. unitholders only.

### **2002 and 2003 Tax Years**

Harvest's distributions were 100% taxable as dividend to U.S. Unitholders.

### **General Tax Discussion**

Because Harvest is considered a "corporation" for U.S. federal income tax purposes, distributions paid to U.S. unitholders, where the Harvest units are held outside of a qualified retirement plan, are treated as dividends. U.S. individuals must report the amount of such dividends on Internal Revenue Service ("IRS") Form 1040 "U.S. Individual Tax Return" ("Form 1040"). Distributions paid by Harvest on units held by a qualified retirement plan are not required to be reported on Form 1040. Registered unitholders will receive a T3 slip directly from Harvest's transfer agent, Valiant, that indicates the distributions paid denominated in Canadian dollars. Unitholders that hold their investment in Harvest through a broker or other intermediary will receive an IRS Form 1099-DIV "Dividends and Distributions" ("Form 1099-DIV") that contains information in respect of the distributions paid in that year. Unitholders are encouraged to review the Form 1099-DIV carefully as it may contain incorrect information.

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 does not prepare current and accumulated earnings and profits calculations in accordance with U.S. income tax principles.

Generally, the distributions paid by Harvest to a non-resident are subject to Canadian withholding tax under the Canadian Income Tax Act at a rate of 25%. The withholding tax rate is generally reduced to 15% for payments to unitholders who reside in the United States, 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 slip directly from Valiant. For unitholders that hold their units through a broker or other intermediary, the broker or intermediary will receive the NR4 slip. Unitholders that hold their investment through a broker or other intermediary are likely to only receive a Form 1099-DIV (see above) that reflects the Canadian withholding tax deducted. Unitholders should note that Harvest does not nor is it obligated to prepare the Form 1099-DIV documents.

The information above is not an exhaustive list 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 units should consult their own legal and tax advisors as to their particular tax consequences of holding units and reporting income earned and tax withheld from distributions.