

TRUST TERMINATION AGREEMENT

THIS AGREEMENT is made effective as of the 30th day of April, 2010

BETWEEN:

1496965 ALBERTA LTD., a corporation incorporated under the
Business Corporations Act (Alberta) (the "**Trustee**")

- and -

KNOC CANADA LTD., a corporation incorporated under the
Business Corporations Act (Alberta) (the "**Beneficiary**")

- and -

HARVEST OPERATIONS CORP., a corporation incorporated
under the *Business Corporations Act* (Alberta) (the
"**Administrator**")

RECITALS:

- A. The Trustee currently serves as trustee of Harvest Energy Trust (the "**Trust**") pursuant to the fifth amended and restated trust indenture dated May 20, 2008, as supplemented by a first supplemental indenture dated December 22, 2009, a second supplemental indenture dated December 22, 2009 and a third supplemental indenture dated December 22, 2009 (collectively, the "**Indenture**").
- B. The Beneficiary is the holder of all of the issued and outstanding trust units of the Trust and the sole beneficiary of the Trust and has agreed to the termination of the Trust and the distribution of the "Trust Fund", as defined in the Indenture, *in specie*.
- C. In connection with the winding-up and termination of the Trust and the reorganization, winding-up, dissolution and termination of certain of its direct and indirect subsidiary entities, the parties hereto have agreed to: (i) the winding-up of the affairs of the Trust; (ii) the distribution to the Beneficiary of all undistributed income of the Trust for the period ending on the date hereof; (iii) the transfer to the Beneficiary of all of the assets of the Trust; (iv) the assumption by the Beneficiary of all outstanding liabilities of the Trust; and (v) the surrender of the Trust Units, as defined in the Indenture, the termination of the Trust and the discharge of the Trustee as trustee thereof.
- D. The parties hereto intend that the Trust be terminated on a tax deferred basis in accordance with Section 88.1 of the *Income Tax Act* (Canada).

NOW THEREFORE in consideration of the premises and the respective rights and obligations set out herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Assets

In this Agreement:

- (a) "**Assets**" means all of the property, assets and undertaking of the Trust of every kind and nature whatsoever, tangible or intangible, wheresoever situate, including without limitation:
 - (i) all of the property of the Trust, moveable or immovable, real or personal, of every kind and wheresoever situate, including freehold and leasehold property and leases, licenses, franchise and similar rights held by the Trust;
 - (ii) all choses in action, including all book and other debts (including accounts receivables) due or accruing due to the Trust, and the full benefit and advantage of all securities for such debts;
 - (iii) the full benefit and advantage of existing contracts and engagements to which the Trust may be entitled;
 - (iv) all cash on hand and in bank accounts and all bills, notes, shares, bonds, debentures and other security (if any) held by the Trust;
 - (v) all other property, assets and rights which the Trust is or may hereafter be entitled to in connection with the business formerly carried on by it or otherwise; and
 - (vi) the entire "Trust Fund" (as that term is defined in the Indenture);
- (b) "**Closing Agenda**" means the Checklist and Closing Agenda dated April 28, 2010 with respect to the dissolution of Harvest Energy Trust and related reorganization transactions prepared by Bennett Jones LLP;
- (c) "**Effective Date**" means April 30, 2010; and
- (d) "**Effective Time**" means the time on the Effective Date when this Agreement is effective in accordance with the Closing Agenda.

1.2 Sections and Headings

The division of this Agreement into Articles, Sections and the insertion of headings are for convenience of reference only and shall not affect the interpretation of this Agreement. Unless otherwise indicated, any reference in this Agreement to an Article, Section or Schedule refers to the specified Article, Section of, or Schedule to, this Agreement. The terms "this Agreement", "hereof", "hereunder", and similar expressions refer to this Agreement (as amended,

supplemented or restated from time to time and including any schedule, appendix and exhibit to this Agreement) and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto.

1.3 Number and Persons

In this Agreement, words importing the singular number only shall include the plural and vice versa, and words importing persons shall include individuals, corporations, partnerships, associations, trusts, unincorporated organizations, governmental bodies and other legal or business entities of any kind whatsoever.

1.4 Time of Essence

Time shall be of the essence of this Agreement.

1.5 Applicable Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein without regard to conflicts of law principles.

1.6 Successors and Assigns

This Agreement shall enure to the benefit of and shall be binding on and enforceable by the parties and, where the context so permits, their respective successors and permitted assigns.

1.7 Severability

If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions hereof, and each provision is hereby declared to be separate, severable and distinct.

ARTICLE 2 ASSUMPTION, DISTRIBUTION AND CONVEYANCE

2.1 Wind-up of the Trust

The parties hereto authorize the Trustee to wind-up the affairs of the Trust effective as of the Effective Time. The Trustee, in consultation with the Administrator, has determined that April 30, 2010 shall be a Distribution Record Date, in accordance with the Indenture.

2.2 Distribution of Taxable Income

The Trustee hereby declares the following amounts to be immediately payable by the Trust to the Beneficiary, as the sole holder of the outstanding trust units of the Trust:

- (a) all of the "Net Income of the Trust" within the meaning of Section 5.4 of the Indenture for the period commencing January 1, 2010 and ending April 30, 2010, to the extent not previously declared payable to the holders of trust units of the Trust; and
- (b) all of the "net realized capital gains" of the Trust within the meaning of Section 5.4 of the Indenture for the period commencing January 1, 2010 and ending April 30, 2010, to the extent not previously declared payable to the holders of trust units of the Trust.

The parties hereby agree and direct that any amounts payable by the Trust to the Beneficiary in respect of the "Net Income of the Trust" and the "net realized capital gains" of the Trust (both within the meaning of Section 5.4 of the Indenture) shall be payable immediately and such payment shall be made *in specie* in accordance with Section 2.3 and need not be paid in cash.

2.3 Conveyance of Trust Assets

The Trustee hereby assigns, transfers, grants, sets over and conveys to the Beneficiary, and the Beneficiary hereby accepts, all of the right, title, estate, interest and claim of the Trustee in, to and under the Assets, together with all rights, privileges, benefits and advantages appurtenant thereto or to be derived therefrom and the full power and authority to enforce performance of any covenants and warranties in respect thereof, with full rights of substitution and subrogation of the Beneficiary, to the fullest extent possible, in and to all covenants and warranties by others heretofore given or made in respect of the Assets or any part thereof, to have and to hold for the Beneficiary's own use and benefit, absolutely. Such assignment, transfer, grant, set over and conveyance shall be deemed to be made:

- (a) firstly, in payment of amounts payable by the Trust to the Beneficiary in respect of the "Net Income of the Trust" and the "net realized capital gains" of the Trust within the meaning of Section 5.4 of the Indenture; and
- (b) secondly, with respect to the amount remaining after payment of the amounts provided in paragraph (a) above, in full and final satisfaction of the Beneficiary's beneficial interest in the Trust.

2.4 Assumption of Trust Liabilities

The Beneficiary hereby assumes and unconditionally agrees to observe, perform, fulfill, liquidate, pay, satisfy and discharge all lawful debts, liabilities, agreements, contracts, obligations, engagements and undertakings of the Trust, of every kind and nature whatsoever, whether in contract or tort, absolute or contingent, liquidated or unliquidated, as the same shall exist on the date hereof, including without limitation the agreements listed in Schedule "A" hereto, and agrees to be bound by all such debts, liabilities, agreements, contracts, obligations, engagements and undertakings as if it were the original obligor thereunder in the place and stead of the Trust, the Trustee or the Administrator, as applicable.

ARTICLE 3 POWER OF ATTORNEY

3.1 Appointment of Attorney

The parties hereby irrevocably constitute and appoint the Beneficiary as agent and true and lawful attorney to act on their behalf with full power and authority to, for and in the name of the Trustee and the Trust:

- (a) execute and deliver such assurances, assignments, notices, releases, deeds, instruments and other documents and do all such further things which in the Beneficiary's discretion may be necessary or appropriate for the purpose of vesting in the Beneficiary the Assets hereby assigned, transferred, granted, set over and conveyed; and
- (b) prepare, execute and file with the appropriate governmental or regulatory authority such documents which in the Beneficiary's discretion may be necessary or appropriate in connection with the affairs of the Trust, the interest of any Person in the Trust or the termination of the Trust as provided herein, including without limitation such elections, determinations, designations, information returns or other documents which in the Beneficiary's discretion may be necessary or appropriate under the *Income Tax Act* (Canada), the *Excise Tax Act* (Canada) or any other taxation legislation or laws of similar import relating to the affairs of the Trust, the interest of any Person in the Trust or the termination of the Trust.

3.2 Nature of Appointment

The power of attorney granted herein is a power coupled with an interest, shall survive (and not be revoked by) the termination of the Trust as provided herein, and extends to the successors and permitted assigns of the parties hereto.

ARTICLE 4 TERMINATION OF THE TRUST

4.1 Termination of Trust

The parties hereby agree that, after giving effect to the transactions provided for herein and, in particular, the vesting of the Trust Fund (as that term is defined in the Indenture) in the Beneficiary in accordance with the common intent of the parties hereto, the Trust is terminated and shall hereafter cease to exist with effect as of the Effective Time. The Beneficiary agrees that by the execution of this Agreement, it shall be deemed to have passed a Special Resolution, within the meaning of the Indenture, authorizing termination of the Trust and directing that the Assets be dealt with as provided herein. Effective as of the Effective Time, the Administration Agreement dated September 27, 2002 between the Trustee and the Administrator, (including any amendment, restatement or supplement to such agreement or any additional or substituted agreements relating thereto), shall be terminated.

4.2 Surrender of Unit Certificate

The parties hereby acknowledge that the Beneficiary has surrendered for cancellation the definitive certificates evidencing the trust units of the Trust held by the Beneficiary and that such units are cancelled as at the Effective Time. The Beneficiary acknowledges that it has ceased to have a beneficial interest of any kind whatsoever in the trust and that the Trustee is discharged of all obligations to the Beneficiary in its capacity as trustee of the Trust.

4.3 Discharge of Trustee

Without limiting the generality of Section 4.1, the parties hereby agree that the Indenture shall after the Effective Time cease to be of any force or effect and the Trustee and the Administrator are hereby released and discharged from any further obligations thereunder.

ARTICLE 5 MISCELLANEOUS

5.1 Acknowledgment by Administrator

To the extent required under the Indenture, the Administrator hereby consents to, affirms, acknowledges and recommends the transactions contemplated by this Agreement.

5.2 Indenture

The parties hereby agree that the Indenture shall be deemed to be amended to the extent necessary to give effect to this Agreement and complete the transactions contemplated hereby.

5.3 Further Assurances

Each party hereby covenants and agrees that it will, from time to time and at all times hereafter, at the request and cost of the Beneficiary, execute and deliver such further assurances, assignments, notices, releases, deeds, instruments and other documents and do all such further acts as may be reasonably required to fully perform, give effect to and carry out the provisions hereof.

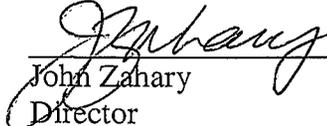
5.4 Counterparts

This Agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

[Remainder of page intentionally left blank. Signature page follows this page.]

IN WITNESS WHEREOF the parties hereto have executed and delivered this Agreement as of the day and year first above written.

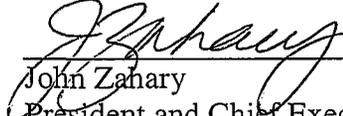
1496965 ALBERTA LTD.

Per: 
John Zahary
Director

KNOC CANADA LTD.

Per: 
Kyungluck Sohn
Director

HARVEST OPERATIONS CORP.

Per: 
John Zahary
President and Chief Executive Officer