ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT made as of the 18th day of April, 2004.

AMONG:

HARVEST ENERGY TRUST, a trust formed under the laws of the Province of Alberta ("Harvest")

AND

HARVEST OPERATIONS CORP., a body corporate incorporated under the laws of the Province of Alberta ("Harvest Operations")

AND

STORM ENERGY LTD., a body corporate incorporated under the laws of the Province of Alberta ("Storm")

AND

STORM EXPLORATION LTD., a body corporate incorporated under the laws of the Province of Alberta ("ExploreCo")

WHEREAS Storm wishes to reorganize its business for the benefit of the Storm Shareholders;

AND WHEREAS Storm has formed ExploreCo for the purpose of acquiring the Exploration Assets and the International Shares from Storm for the benefit of the Storm Shareholders;

AND WHEREAS Storm wishes to distribute substantially all of the common shares of Rock Energy Ltd. which it owns to the Storm Shareholders;

AND WHEREAS Harvest wishes to combine its assets and operations with that of Storm, which at the time of such combination will consist of the Production Business;

AND WHEREAS the parties hereto intend to carry out the transactions contemplated herein pursuant to an arrangement pursuant to the provisions of the ABCA;

NOW THEREFORE IN CONSIDERATION of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto covenant and agree as follows:

ARTICLE 1
DEFINITIONS

1.1 In this Agreement, unless the context otherwise requires:

(a) **"ABCA"** means the *Business Corporations Act* (Alberta), RSA 2000 c. B-9, as amended, including the regulations promulgated thereunder;

(b) **"Agreement"** means this agreement, including the recitals and all Exhibits to this agreement, as amended or supplemented from time to time, and **"hereby"**, **"hereof"**, **"herein"**, **"hereunder"**, **"herewith"** and similar terms refer to this Agreement and not to any particular provision of this Agreement;

(c) **"Applicable Laws"** means applicable corporate and securities laws, regulations and rules, all policies thereunder and rules of applicable stock exchanges;

(d) **"Arrangement"** means the arrangement under the provisions of Section 193 of the ABCA as set out in the Plan of Arrangement, as supplemented, modified or amended;

(e) **"Articles of Arrangement"** means the articles of arrangement in respect of the Arrangement required under subsection 193(10) of the ABCA to be filed with the Registrar after the Final Order has been made;

(f) **"business day"** means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the City of Calgary for the transaction of banking business;

(g) **"Certificate of Arrangement"** means the certificate or other confirmation of filing to be issued by the Registrar pursuant to subsection 193(11) of the ABCA giving effect to the Arrangement;

(h) **"Closing"** means the completion of the Plan of Arrangement;

(i) **"control"** means, with respect to control of a body corporate by a person, the holding (other than by way of security) by or for the benefit of that person of securities of that body corporate to which are attached more than 50% of the votes that may be cast to elect directors of the body corporate (whether or not securities of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) provided that such votes, if exercised, are sufficient to elect a majority of the board of directors of the body corporate;

(j) **"Conveyance Agreements"** means the agreements to be entered into between: (i) Storm or a subsidiary or partnership of Storm; and (ii) ExploreCo, with such representations, warranties, covenants and indemnities which are customary for a transaction of this nature and otherwise in a form satisfactory to Harvest, acting reasonably, effecting the sale by Storm or a subsidiary or partnership of Storm to ExploreCo of the Exploration Assets and the International Shares;

(k) **"Court"** means the Court of Queen's Bench of Alberta;

(l) **"Effective Date"** means the date shown on the Certificate of Arrangement or, if no Certificate of Arrangement is issued, the date upon which the Articles of Arrangement are filed;

(m) **"Effective Time"** means 12:01 a. m. (Calgary time) on the Effective Date;

(n) **"Encumbrance"** includes, without limitation, any mortgage, pledge, assignment, charge, lien, security interest, claim, trust, royalty or carried, participation, net profits or other third party interest and any agreement, option, right of first refusal, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing;

(o) **"Exchangeable Shares"** means exchangeable shares in the capital of Harvest Operations to be created on or before the Effective Time which shall be exchangeable on a one for one basis for Harvest Trust Units, subject to adjustment for distributions after the Effective Date;

(p) **"Exploration Assets"** means the assets owned by Storm and to be sold to ExploreCo pursuant to the Conveyance Agreements, all as more particularly described in, and subject to any liabilities and obligations associated with such asset as set forth in, Exhibit 3 hereto;

(q) **"ExploreCo"** means Storm Exploration Ltd., a body corporate incorporated under the ABCA or such other corporation as may be agreed to by Harvest and Storm, acting reasonably;

(r) **"ExploreCo Shares"** means the common shares in the capital of ExploreCo as constituted on the date hereof;

(s) **"Fairness Opinion"** means the opinion of FirstEnergy Capital Corp. that the Arrangement is fair, from a financial point of view, to the Storm Shareholders;

(t) **"Farm-in Agreement"** means the farm-in agreement, in the amount required by Harvest up to $4 million, to be entered into between Storm and ExploreCo at the Effective Time upon the terms substantially as set forth in Exhibit 2 hereto;

(u) **"Final Order"** means the final order of the Court approving the Arrangement pursuant to subsection 193(9) of the ABCA, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

(v) **"Governmental Authority"** includes any federal, provincial, municipal or other political subdivision, government department, commission, board, bureau, agency or instrumentality, domestic or foreign;

(w) **"Harvest"** means Harvest Energy Trust, an open-end unincorporated trust established under the laws of the Province of Alberta, including all predecessors;

(x) **"Harvest Break Fee"** has the meaning ascribed thereto in Section 8.5 hereof;

(y) **"Harvest Counsel"** means Burnet, Duckworth & Palmer LLP, or such other legal counsel as may be designated by Harvest;

(z) **"Harvest Operations"** means Harvest Operations Corp., a body corporate incorporated under the ABCA;

(aa) **"Harvest Financial Statements"** means the audited consolidated financial statements of Harvest for the years ended December 31, 2003 and 2002;

(bb) **"Harvest Public Documents"** means all documents or information filed by or on behalf of Harvest in compliance with or intended compliance with Applicable Laws;

(cc) **"Harvest Reserve Report"** means the report of McDaniel & Associates Consultants Ltd. dated April, 2004 evaluating certain of Harvest Operations' oil, natural gas liquids and natural gas reserves and the estimated future cash flows from such reserves, effective December 31, 2003;

(dd) **"Harvest Trust Units"** means the trust units of Harvest as constituted on the date hereof;

(ee) **"*Income Tax Act*"** means the *Income Tax Act* (Canada), R.S.C. 1985, c. 1 (5th Supp), as amended, including the regulations promulgated thereunder;

(ff) **"Information Circular"** means the information circular - proxy statement of Storm to be mailed to Storm Shareholders in connection with the holding of the Meeting;

(gg) **"Interim Order"** means an interim order of the Court concerning the Arrangement under subsection 193(4) of the ABCA, containing declarations and directions with respect to the Arrangement and the holding of the Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

(hh) **"International Shares"** means all of the issued and outstanding shares of Storm International;

(ii) **"Joint Venture Agreements"** means the Red Earth Joint Venture Agreement, the Red Earth ROFR Agreement, the Parkland Joint Venture Agreement, the Seismic Access Agreement and the Farm-in Agreement;

(jj) **"Letter of Transmittal"** means the letter of transmittal to be forwarded by Storm pursuant to the Interim Order to the Storm Shareholders for use by such Storm Shareholders in tendering their Storm Shares in exchange for the consideration payable pursuant to the Arrangement;

(kk) **"Lock-up Agreements"** means the lock-up agreements entered into by certain Storm Securityholders, including all of the directors and officers of Storm, representing not less than 23% of the outstanding Storm Shares at the date hereof, on a non-diluted basis, in a form satisfactory to Harvest, acting reasonably, which provides that, *inter alia*, such Storm Securityholders will vote in favour of the Arrangement and exercise all of the Storm Options which they hold;

(ll) **"Meeting"** means the special meeting of the Storm Shareholders and, if required, Storm Optionholders to be called to, *inter alia*, consider and, if thought fit, authorize, approve and adopt the Arrangement in accordance with the Interim Order, and any adjournments thereof;

(mm) **"misrepresentation"** includes any untrue statement of a material fact, any omission to state a material fact that is required to be stated and any omission to state a material fact that is necessary to be stated in order for a statement not to be misleading;

(nn) **"Parkland Joint Venture Agreement"** means the area of mutual interest and exploration and development agreement to be entered into among Harvest Operations, Storm and ExploreCo at the Effective Time upon the terms substantially as set forth in Exhibit 2 hereto;

(oo) **"person"** includes any individual, partnership, firm, trust, body corporate, government, governmental body, agency or instrumentality, unincorporated body of persons or association;

(pp) **"Plan of Arrangement"** means the plan of arrangement having the terms substantially as set forth in Exhibit 1 hereto as amended or supplemented from time to time in accordance with Article 11 hereof;

(qq) **"Production Business"** means 100% of the assets and liabilities of Storm on a consolidated basis, including, without limitation, its producing and non-producing properties and lands, seismic, facilities and related equipment, parts and other assets but excluding the Exploration Assets, the International Shares and the Rock Shares;

(rr) **"Red Earth Joint Venture Agreement"** means the area of mutual interest and exploration and development agreement to be entered into among Harvest Operations, Storm and ExploreCo at the Effective Time upon the terms substantially as set forth in Exhibit 2 hereto;

(ss) **"Red Earth ROFR Agreement"** means the right of first refusal agreement to be entered into between Harvest Operations and ExploreCo at the Effective Time upon the terms substantially as set forth in Exhibit 2 hereto;

(tt) **"Registrar"** means the registrar appointed pursuant to Section 263 of the ABCA;

(uu) **"Rock Energy"** means Rock Energy Ltd., a corporation continued under the ABCA;

(vv) **"Rock Shares"** means the 1,602,640 common shares of Rock Energy owned by Storm;

(ww) **"Seismic Access Agreement"** means the seismic access agreement to be entered into between Storm and ExploreCo at the Effective Time upon the terms substantially as set forth in Exhibit 4 hereto;

(xx) **"Storm"** means Storm Energy Ltd., a corporation incorporated under the ABCA;

(yy) **"Storm Acquisition Proposal"** shall have the meaning ascribed thereto in subsection 8.1(c)(i);

(zz) **"Storm Break Fee"** has the meaning ascribed thereto in Section 9.2 hereof;

(aaa) **"Storm Counsel"** means McCarthy Tétrault LLP, or such other legal counsel as may be designated by Storm;

(bbb) **"Storm Financial Statements"** means the audited consolidated financial statements of Storm for the years ended December 31, 2003 and 2002;

(ccc) **"Storm International"** means Storm Ventures International Inc.;

(ddd) **"Storm Net Debt"** means debt, including amounts due under capital leases, and current liabilities of Storm less the current assets of Storm calculated in accordance with generally accepted accounting principles on a consolidated basis;

(eee) **"Storm Options"** means, collectively, all outstanding options to purchase Storm Shares pursuant to Storm's existing share option plan or otherwise;

(fff) **"Storm Optionholders"** means the holders of Storm Options;

(ggg) **"Storm Public Documents"** means all documents or information filed by or on behalf of Storm in compliance with or intended compliance with Applicable Laws;

(hhh) **"Storm Reserve Report"** means the report of Paddock Lindstrom & Associates Limited and McDaniel & Associates Consultants dated January 16, 2004 evaluating certain of Storm's oil, natural gas liquids and natural gas reserves and the estimated future cash flows from such reserves, effective December 31, 2003 and the report of Paddock Lindstrom & Associates Limited evaluating certain of Storm's oil, natural gas liquids and natural gas reserves and the estimated future cash flows from such reserves, effective April 1, 2004;

(iii) **"Storm Securities"** means, collectively, Storm Shares and Storm Options;

(jjj) **"Storm Securityholders"** means, collectively, Storm Shareholders and Storm Optionholders;

(kkk) **"Storm Shareholders"** means the holders of Storm Shares;

(lll) **"Storm Shares"** means the common shares of Storm as constituted on the date hereof;

(mmm) **"subsidiary"** means, when used to indicate a relationship with another body corporate,

(i) a body corporate which is controlled by (A) that other, or (B) that other and one or more bodies corporate, each of which is controlled by that other, or (C) two or more bodies corporate each of which is controlled by that other; or

(ii) a subsidiary of a body corporate that is the other's subsidiary;

(nnn) **"Support Agreement"** means the support agreement relating to the Exchangeable Shares to be entered into on the Effective Date having terms and conditions satisfactory to each of Harvest and Storm, acting reasonably;

(ooo) **"Tax Pools"** means undepreciated capital cost of any particular class of depreciable property, earned depletion base, cumulative Canadian exploration expense, cumulative Canadian development expense, cumulative Canadian oil and gas property expense, foreign exploration and development expense, capital losses, non-capital losses, cumulative eligible capital, attributed Canadian royalty income and investment tax credits, all as defined in the *Income Tax Act*, and financing expenses referred to in Section 20(1)(e) of the *Income Tax Act*;

(ppp) **"TSX"** means the Toronto Stock Exchange; and

(qqq) **"Voting and Exchange Trust Agreement"** means the voting and exchange trust agreement relating to the Exchangeable Shares to be entered into on the Effective Date having terms and conditions satisfactory to each of Harvest and Storm, acting reasonably.

1.2 The following Exhibits form part of this Agreement:

Exhibit 1 — Plan of Arrangement Term Sheet
Exhibit 2 — Joint Venture Agreements Term Sheet
Exhibit 3 — Exploration Assets
Exhibit 4 — Seismic Access Agreement Term Sheet

ARTICLE 2
INTERPRETATION

2.1 The division of this Agreement into Articles, Sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

2.2 Unless the contrary intention appears, references in this Agreement to an Article, Section, subsection, paragraph, clause, subclause or schedule by number or letter or both refer to the article, section, subsection, paragraph, clause, subclause or schedule, respectively, bearing that designation in this Agreement.

2.3 In this Agreement, unless the contrary intention appears, words importing the singular include the plural and vice versa; words importing gender shall include all genders.

2.4 In the event that the date on which any action is required to be taken hereunder by any of the parties is not a business day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a business day in such place.

2.5 References in this Agreement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

2.6 Unless otherwise stated, all references in this Agreement to sums of money are expressed in lawful money of Canada.

2.7 All representations, warranties, covenants and opinions in or contemplated by this Agreement as to the enforceability of any covenant, agreement or document are subject to enforceability being limited by applicable bankruptcy, insolvency, reorganization and other laws affecting creditors rights generally, and the discretionary nature of certain remedies (including specific performance and injunctive relief).

2.8 All references to the date of this Agreement, "the date hereof" or similar expressions or references shall mean April 18, 2004, except as is expressly provided herein.

ARTICLE 3
STORM'S AND EXPLORECO'S CLOSING CONDITIONS

3.1 The respective obligations of Storm and ExploreCo to complete the transactions contemplated herein are subject to the fulfilment of the following conditions precedent on or before the Effective Date or such other time as is specified below:

(a) the representations and warranties made by Harvest and Harvest Operations in Section 7.1 in this Agreement shall be true and correct in all material respects as of the Effective Date as if made on and as of such date (except for representations and warranties which refer to another date, which shall be true as of that date), Harvest and Harvest Operations shall have provided to Storm and ExploreCo a certificate of two officers of Harvest Operations certifying as to such matters on the Effective Date and Storm and ExploreCo shall have no actual knowledge to the contrary;

(b) Harvest shall have provided Storm and ExploreCo with opinions of Harvest Counsel satisfactory to Storm and ExploreCo, acting reasonably, dated the Effective Date and addressed to Storm, ExploreCo and Storm Counsel to the effect that:

(i) Harvest is a trust duly settled and validly existing under the laws of the Province of Alberta and has full power and authority to enter into this Agreement and perform its obligations hereunder;

(ii) Harvest Operations is duly incorporated and validly existing under the laws of the Province of Alberta and Harvest Operations has full power and authority to enter into this Agreement and perform its obligations hereunder;

(iii) all necessary proceedings of Harvest and Harvest Operations have been taken to fully, validly and effectively authorize this Agreement, the Joint Venture Agreements and the transactions contemplated herein and thereto, including the Arrangement, the performance by Harvest and Harvest Operations of their obligations hereunder and thereunder, and the execution and delivery by Harvest and Harvest Operations of this Agreement, the Joint Venture Agreements and all documents delivered pursuant hereto and thereto;

(iv) the execution and delivery by Harvest and Harvest Operations of this Agreement, the Joint Venture Agreements and all documents delivered pursuant hereto and thereto, the performance by Harvest and Harvest Operations of their obligations hereunder and thereunder and the consummation of the transactions contemplated herein and therein will not:

(A) result in the breach of or violate any term or provision of the governing documents of Harvest or Harvest Operations; or

(B) violate any provision of law or administrative regulation or, in each case as known to such counsel, without special inquiry, any judicial or administrative order, award, judgment or decree applicable to Harvest or Harvest Operations;

(v) this Agreement has been, and the documents delivered pursuant hereto will be, duly executed and delivered by Harvest and Harvest Operations and this Agreement is, and such other documents will be, valid and binding on Harvest and Harvest Operations and is enforceable in accordance with its terms;

(vi) the Harvest Trust Units issued pursuant to the Arrangement have been conditionally allotted and will, when issued, be duly and validly issued as fully paid and non-assessable Harvest Trust Units and Exchangeable Shares and the Harvest Trust Units (including Harvest Trust Units issuable upon the exchange of the Exchangeable Shares) have been conditionally approved as listed for trading on the TSX subject to satisfaction of the conditions prescribed by such exchange;

(vii) as to the status of Harvest under the *Income Tax Act* as a "mutual fund trust"; and

(viii) as to the authorized capital of Harvest and Harvest Operations immediately prior to the Effective Date.

In giving such opinion, Harvest Counsel may rely, in respect of matters governed by the laws of any jurisdiction other than the Province of Alberta or the laws of Canada applicable therein, upon the opinion of local counsel in such jurisdiction provided that Harvest Counsel is of the opinion that the opinion of such local counsel is one upon which Harvest Counsel may properly rely and, in respect of matters of fact, upon certificates of senior officers of Harvest Operations or any other appropriate persons reasonably acceptable to Storm Counsel;

(c) Harvest and Harvest Operations shall have complied in all material respects with their respective covenants in this Agreement and Harvest shall have provided to Storm and ExploreCo a certificate of two officers of Harvest Operations certifying as to such compliance and Storm and ExploreCo shall have no actual knowledge to the contrary;

(d) before giving effect to the transactions contemplated by this Agreement, there shall have been no material adverse change, financial or otherwise, in the assets, liabilities, business, operations, prospects, affairs, capital or financial condition of Harvest taken as a whole from that disclosed in the Harvest Financial Statements or any occurrences or circumstances which have resulted or might reasonably be expected to result in a material adverse change thereto (other than a change due to changes in general economic conditions (including commodity prices) applicable to trusts conducting business similar to that of Harvest) except as disclosed in the Harvest Public Documents prior to the date hereof or except as have been previously disclosed in writing to Storm prior to the date hereof;

(e) the Harvest Trust Units and Exchangeable Shares issuable and the cash payable pursuant to the Arrangement shall have been deposited with the Depositary (as defined in the Plan of Arrangement) together with an irrevocable direction authorizing and directing the Depositary to pay the Harvest Trust Units, Exchangeable Shares and/or cash payable pursuant to the Arrangement to the holders of the Storm Shares who are entitled to receive such units, shares and/or cash payment in accordance with and upon completion of the Arrangement; and

(f) Storm shall be satisfied, acting reasonably, that the Harvest Trust Units and Exchangeable Shares issued pursuant to the Arrangement shall not be subject to any hold period, restricted period or seasoning period under Applicable Laws that shall not have been satisfied on the Effective Date; and

(g) there shall have been no adverse change to Harvest's distribution policy (including the frequency or quantum thereof), except to the extent resulting from an event or circumstance relating to conditions affecting the oil and gas industry in the jurisdictions in which Harvest or Storm holds its assets, taken as a whole including, without limitation, changes in commodity prices or taxes, or resulting from general economic, financial, currency exchange, securities or commodity market conditions in Canada including, without limitation, changes in currency exchange rates.

The foregoing conditions precedent are for the benefit of Storm and ExploreCo and may be waived, in whole or in part, by Storm on behalf of itself and ExploreCo in writing at any time. If any of the said conditions precedent shall not be complied with or waived by Storm and ExploreCo on or before the date required for the performance thereof, Storm and ExploreCo may, in addition to the other remedies it may have at law or equity, rescind and terminate this Agreement by written notice from Storm to Harvest.

ARTICLE 4
HARVEST'S AND HARVEST OPERATIONS' CLOSING CONDITIONS

4.1 The respective obligation of Harvest and Harvest Operations to complete the transactions contemplated herein is subject to fulfilment of the following conditions precedent on or before the Effective Date or such other time as is specified below:

(a) the representations and warranties made by Storm and ExploreCo in Section 6.1 hereof shall be true and correct in all material respects as of the Effective Date as if made on and as of such date (except for representations and warranties which refer to another date, which shall be true as of that date) and Storm and ExploreCo shall have provided to Harvest and Harvest Operations a certificate of two officers of each of Storm and ExploreCo certifying as to such matters on the Effective Date and Harvest and Harvest Operations shall have no actual knowledge to the contrary;

(b) Storm and ExploreCo shall have provided Harvest and Harvest Operations with opinions of Storm Counsel satisfactory to Harvest, Harvest Operations and Harvest Counsel, acting reasonably, dated the Effective Date and addressed to Harvest, Harvest Operations and Harvest Counsel, to the effect that:

(i) each of Storm and ExploreCo is duly incorporated and validly existing under the laws of the Province of Alberta and each of Storm and ExploreCo has full power and authority to enter into this Agreement and perform its respective obligations hereunder;

(ii) all necessary corporate proceedings of each of Storm and ExploreCo, as the case may be, have been taken to fully, validly and effectively authorize this Agreement, the Joint Venture Agreements and the Conveyance Agreements, as the case may be, and the transactions contemplated herein and therein, including the Arrangement, the performance by Storm and ExploreCo of their respective obligations hereunder and thereunder, and the execution and delivery by Storm and ExploreCo of this Agreement, the Joint Venture Agreements and the Conveyance Agreements, as the case may be, and all documents delivered pursuant hereto or thereto;

(iii) the execution and delivery by each of Storm and ExploreCo of this Agreement, the Joint Venture Agreements and the Conveyance Agreements, as the case may be, and all documents delivered pursuant hereto and thereto, the performance by each of Storm and ExploreCo of its obligations hereunder and thereunder and the consummation of the transactions contemplated herein and therein will not:

(A) result in the breach of or violate any term or provision of the articles, by-laws or governing documents of either Storm or ExploreCo; or

(B) violate any provision of law or administrative regulation or, in each case as known to such counsel, without special inquiry, any judicial or administrative order, award, judgment or decree applicable to any of Storm, ExploreCo, or the Production Business;

(iv) this Agreement, the Joint Venture Agreements and the Conveyance Agreements have been, and the documents delivered pursuant hereto will be, duly executed and delivered by each of Storm and ExploreCo, as the case may be, and this Agreement is, and such other documents will be, valid and binding on each of Storm and ExploreCo, as the case may be, and is enforceable in accordance with its respective terms;

(v) the Rock Shares distributed pursuant to the Arrangement have been approved by the TSX Venture Exchange;

(vi) prospectus exemptions are available for the distribution of the Rock Shares; and

(vii) as to the authorized capital of each of Storm and ExploreCo immediately prior to the Effective Date.

In giving such opinion, Storm Counsel may rely, in respect of matters governed by the laws of any jurisdiction other than the Province of Alberta or the laws of Canada applicable therein, upon the opinion of local counsel in such jurisdiction provided that Storm Counsel is of the opinion that the opinion of such local counsel is one upon which Storm Counsel may properly rely and, in respect of matters of fact, upon certificates of senior officers of Storm and ExploreCo or any other appropriate persons reasonably acceptable to Harvest Counsel;

(c) each of Storm and ExploreCo shall have complied in all material respects with its covenants in this Agreement and each of Storm and ExploreCo shall have provided to Harvest and Harvest Operations a certificate of two officers certifying as to such compliance and Harvest and Harvest Operations shall have no actual knowledge to the contrary;

(d) before giving effect to the transactions contemplated by this Agreement, there shall have been no material adverse change, financial or otherwise, in the assets, liabilities, business, operations, prospects, affairs, capital or financial condition of Storm taken as a whole (excluding any material adverse change to the Exploration Assets or the value of the Rock Shares, where such change does not result in any liability to Storm) or the Production Business from that disclosed in the Storm Financial Statements or any occurrences or circumstances which have resulted or might reasonably be expected to result in a material adverse change thereto (other than a change due to changes in general economic conditions (including commodity prices) applicable to corporations conducting business similar to that of Storm) except as disclosed in the Storm Public Documents prior to the date hereof or except as have been previously disclosed in writing to Harvest prior to the date hereof;

(e) Harvest shall be satisfied, acting reasonably, that all third party participation rights have been satisfied and with the manner in which they have been satisfied, or are otherwise not applicable with respect to transactions occurring prior to the Effective Time;

(f) the board of directors of Storm shall not have changed, withdrawn or modified its endorsement of the Arrangement, its determination that the Arrangement is fair and in the best interest of Storm and the Storm Shareholders and its recommendation that Storm Shareholders vote in favour of the Arrangement;

(g) each of the members of the board of directors of Storm and each of the officers of Storm shall have provided their written resignations as directors and officers effective on or before the Effective Date together with a release (satisfactory to Harvest) in favour of Storm (subject to ongoing rights of indemnity) and the board of directors of Storm shall have been reconstituted with nominees of Harvest as at the Effective Date;

(h) all the outstanding Storm Options, shall have been exercised, cancelled or otherwise terminated, as evidenced by a certificate from a senior officer of Storm or Harvest shall be otherwise satisfied that the Storm Options will no longer represent any right to acquire Storm Shares after giving affect to the Arrangement and that there are no other outstanding claims or rights or securities which could become claims or rights to Storm Shares provided that Storm shall exercise reasonable best efforts to cancel such Storm Options in exchange for a cash payment by Storm and delivery of additional consideration from ExploreCo to the holder, and further provided that the maximum cash amount which may be expended by Storm shall be $3 million;

(i) there shall be no action taken under any existing law, regulation, rule or order, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any court, department, commission, board, regulatory body, government or regulatory authority or similar agency, domestic or foreign, that imposes any material limitations on the ability of Harvest to effectively exercise full rights of ownership of the Storm Shares, including, without limitation, the right to vote any such shares, or the ability of Harvest to use and enjoy the Production Business;

(j) ExploreCo and Storm International shall have provided an indemnity to Harvest, in form reasonably satisfactory to Harvest, indemnifying Harvest for any obligations, losses or liabilities it may bear relating to the guarantees with respect to the Sud Remada Prospection Permit;

(k) Storm's bankers shall have consented to the completion of the Arrangement and the completion of the Arrangement shall not constitute an event of default under Storm's bank facilities; and

(l) Storm shall have delivered to Harvest the executed Lock-up Agreements within 5 business days with the execution of this Agreement.

The foregoing conditions precedent are for the benefit of Harvest and Harvest Operations and may be waived, in whole or in part, by Harvest in writing at any time. If any of the said conditions precedent shall not be complied with or waived by Harvest and Harvest Operations on or before the date required for the performance thereof, Harvest and Harvest Operations may, in addition to the other remedies it may have at law or equity, rescind and terminate this Agreement by written notice to Storm and ExploreCo.

ARTICLE 5
MUTUAL CLOSING CONDITIONS

5.1 The obligations of Harvest, Harvest Operations, Storm and ExploreCo to complete the transactions contemplated herein are subject to fulfilment of the following conditions precedent on or before the Effective Date or such other time as is specified below:

(a) on or before May 31, 2004, the Interim Order shall have been granted in form and substance satisfactory to Harvest, Storm and ExploreCo, each acting reasonably and such Interim Order shall not have been set aside or modified in a manner unacceptable to Harvest, Storm and ExploreCo, each acting reasonably;

(b) a special resolution shall have been passed by the Storm Shareholders as required pursuant to the Interim Order, on or before June 30, 2004, in form and substance satisfactory to each of Harvest and Storm, acting reasonably, duly approving the Arrangement in accordance with the Interim Order;

(c) on or before June 30, 2004, the Final Order shall have been granted in form and substance satisfactory to Harvest, Storm and ExploreCo, each acting reasonably;

(d) the Arrangement shall have become effective on or before June 30, 2004;

(e) there shall be no action taken under any existing applicable law or regulation, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any court, department, commission, board, regulatory body, government or governmental authority or similar agency, domestic or foreign, that:

    (i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Arrangement or any other transactions contemplated herein which are necessary to complete the Arrangement; or

    (ii) results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated herein;

(f) Storm, ExploreCo and Harvest shall have obtained all consents, approvals and authorizations (including, without limitation, all stock exchange, securities commission and other regulatory approvals) required or necessary in connection with the transactions contemplated herein on terms and conditions reasonably satisfactory to Storm and Harvest;

(g) Storm and ExploreCo shall have entered into the Conveyance Agreements;

(h) Storm, ExploreCo and Harvest Operations shall have entered into the Joint Venture Agreements;

(i) the Exchangeable Shares shall have been created, having terms and conditions mutually agreeable to Harvest and Storm, acting reasonably;

(j) the Support Agreement and Voting and Exchange Trust Agreement shall have been entered into;

(k) the TSX or the TSX Venture Exchange shall have conditionally approved the listing of the ExploreCo Shares on terms which ExploreCo is capable of satisfying after giving effect to the Arrangement;

(l) holders of not more than 5% of the issued and outstanding Storm Securities shall have exercised rights of dissent in relation to the Plan of Arrangement (if required by the Interim Order) and Storm shall have provided to Harvest and Harvest Operations a certificate of an officer of Storm certifying on the Effective Date the number of Storm Securities in respect of which, to such officer's knowledge, the holders thereof have exercised rights of dissent;

(m) the TSX shall have conditionally approved the listing of the Harvest Trust Units issueable under the Arrangement and upon the exchange of the Exchangeable Shares on the terms which Harvest is capable of satisfying after giving effect to the Arrangement;

(n) the TSX Venture Exchange shall have approved the distribution of the Rock Shares to the Storm Shareholders; and

(o) Harvest and Storm shall have agreed to the final terms and conditions of Exhibit 1 to the Arrangement on or before April 30, 2004.

The foregoing conditions are for the mutual benefit of Harvest, Harvest Operations, Storm and ExploreCo and may be waived, in whole or in part, by Harvest, Harvest Operations, Storm and ExploreCo together, at any time. If any of the said conditions precedent shall not be complied with or waived as aforesaid on or before the date required for the performance thereof, Harvest and Harvest Operations, or Storm and ExploreCo may, in addition to the other remedies it may have at law or in equity, rescind and terminate this Agreement by written notice to the other party.

ARTICLE 6
STORM'S AND EXPLORECO'S REPRESENTATIONS AND WARRANTIES

6.1 Each of Storm and ExploreCo severally represents, warrants and covenants to Harvest and Harvest Operations with respect to itself that:

(a) each of Storm, Redearth Energy Inc., Red Earth Partnership and ExploreCo is duly organized and validly existing under the laws of the Province of Alberta, has the capacity, power and authority to own or lease its property and assets and to carry on its business as now conducted by it;

(b) each of Storm, Redearth Energy Inc., Red Earth Partnership and ExploreCo is duly qualified to carry on business in each jurisdiction in which the nature of its business or the property or assets owned or leased by it makes such qualification necessary, except where the failure to be so qualified will not have a material adverse effect on the business, assets, properties, condition (financial or otherwise), results of operations or prospects of Storm, taken as a whole;

(c) Storm does not have any subsidiaries other than ExploreCo and Redearth Energy Inc., does not have any partnership interests other than its 60% interest in the Red Earth Partnership and does not hold any shares or other interest in any corporations, partnerships or trusts other than 2,200,000 shares and 4,400,000 share purchase rights of Storm International and 1,602,640 shares of Rock;

(d) Storm and each of its subsidiaries and partnerships has complied with and is in compliance with all laws or regulations applicable to the operation of its business, including all Applicable Laws, except where failure to do so would not have a material adverse effect on the business, assets, properties, condition (financial or otherwise), results of operations or prospects of Storm, taken as a whole, and Storm and each of its subsidiaries and partnerships has all licenses, permits, orders or approvals of, and has made all required registrations with any government or regulatory body that are material to the conduct of its business;

(e) each of Storm and ExploreCo has all requisite corporate power and authority to enter into this Agreement, the Joint Venture Agreements and the Conveyance Agreements and all documents to be delivered pursuant hereto and thereto and, subject to the terms hereof, to perform its obligations hereunder and thereunder;

(f) the execution and delivery of this Agreement, the Joint Venture Agreements and the Conveyance Agreements and all documents to be delivered pursuant hereto, the performance of the terms hereof and thereof and the consummation of the transactions contemplated herein and therein do not and will not:

(i) result in the breach of or violate any term or provision of the articles, by-laws or governing documents of either Storm or ExploreCo;

(ii) conflict with, result in a breach of, constitute a default under, or accelerate or permit the acceleration of the performance required by, any agreement, instrument, license, permit or authority to which either Storm or ExploreCo is a party or by which either is bound or to which any of their property is subject;

(iii) result in the creation of any Encumbrance upon any assets comprised in the Production Business;

(iv) give to any person any material interest or right, including the right of purchase, termination, cancellation or acceleration (other than accelerated vesting and exercise rights of the Storm Options) under any such agreement, instrument, license, permit or authority; or

(v) violate any provision of law or administrative regulation or any judicial or administrative order, award, judgment or decree applicable to either Storm, ExploreCo, the Storm Shares or the Production Business,

except to the extent such result or occurrence as set forth in this subsection 6.1(f) does not have a material adverse effect, financial or otherwise, on the assets, liabilities, business, operations, prospects, affairs, capital or financial condition of ExploreCo, Storm or the Production Business;

(g) this Agreement has been, and prior to the Effective Date, the Conveyance Agreements and the Joint Venture Agreements will be, duly authorized, executed and delivered, in a form reasonably satisfactory to Harvest, by each of Storm and ExploreCo and all documents to be executed and delivered by Storm and ExploreCo pursuant to this Agreement, the Conveyance Agreements and the Joint Venture Agreements will be duly executed and delivered and this Agreement constitutes, and, the Joint Venture Agreements and the Conveyance Agreements will constitute, legal, valid and binding obligations of each of Storm and ExploreCo enforceable against them in accordance with their respective terms;

(h) the board of directors of Storm, upon consultation with its advisors and upon receipt of a verbal Fairness Opinion, has determined that the Arrangement is fair to Storm Shareholders, that the Arrangement is in the best interests of Storm and the holders of the Storm Shares , has unanimously approved the Arrangement and the entering into of this Agreement and will unanimously recommend that holders of Storm Shares vote in favour of the Arrangement;

(i) Storm has not incurred any obligation or liability, contingent or otherwise, for brokerage fees, finder's fees, agent's commission, financial advisory fees or other similar forms of compensation with respect to the transactions contemplated herein other than: (i) pursuant to the financial advisory agreement dated March 30, 2004 entered into between FirstEnergy Capital Corp. and Storm which does not exceed $800,000 (not including reasonable expenses and disbursements); and (ii) in respect of fees or commission paid to Valiant Trust Company in respect of the winding-up of Storm's stock savings plan, which amount does not exceed $10,000;

(j) there are no actions, suits, other legal, administrative or arbitration proceedings or government investigations commenced, or to the knowledge of Storm contemplated, at law or in equity or before or by any court or other Governmental Authority and which involve or affect Storm, ExploreCo or the Production Business, including, without limitation, the title to, or ownership of, the Production Business, which could have a material adverse effect, financial or otherwise, on the assets, liabilities, business, operations, prospects, affairs, capital or financial condition of Storm, ExploreCo or the Production Business and, to the best of the knowledge, information and belief of Storm, there are no grounds upon which any such actions, suits or proceedings may be commenced with a reasonable likelihood of success;

(k) the authorized capital of Storm consists of an unlimited number of Storm Shares and an unlimited number of preferred shares of which as at the date hereof, only 29,892,302 Storm Shares and no preferred shares are issued and outstanding, all of which are issued as fully paid and non-assessable;

(l) no person has any agreement, option, right or privilege (including, without limitation, whether by law, pre-emptive right, contract or otherwise) to purchase, subscribe for, convert into, exchange for or otherwise require the issuance of, nor any agreement, option, right or privilege capable of becoming any such agreement, option, right or privilege, any of the unissued shares or other securities of Storm (or any subsidiary or partnership of Storm other than Storm International) except for Storm Options to purchase in the aggregate not more than 2,714,826 Storm Shares;

(m) the respective minute books of each of Storm and ExploreCo are true and correct in all material respects and contain the minutes of all meetings and all resolutions of the directors and shareholders thereof;

(n) the Storm Financial Statements have been prepared in accordance with generally accepted accounting principles applicable in Canada applied on a basis consistent with that of prior periods (except as stated therein) and present fairly the financial position of Storm as of the dates provided therein and the results of its operations and the changes in financial position for the periods then ended and reflect all assets, liabilities and obligations (absolute, accrued, contingent or otherwise) of Storm as at the dates thereof;

(o) no securities commission or similar regulatory authority has issued any order preventing or suspending trading of any securities of Storm, and Storm is not in default of any requirement of Applicable Laws;

(p) the information and statements set forth in the Storm Public Documents were true, correct and complete and did not contain any material misrepresentations, as of their respective dates, no material change has occurred in relation to Storm which is not disclosed in such public record, and Storm has not filed any confidential material change reports which continue to be confidential;

(q) since December 31, 2003, Storm (or any subsidiary or partnership of Storm other than Storm International) has:

(i) not amended its articles, by-laws or other governing documents;

(ii) not disposed of any property or assets out of the ordinary course of business and not disposed of any material properties set forth in the Storm Reserve Report;

(iii) conducted its business in all material respects in the usual, ordinary and regular course and consistent with past practice;

(iv) not suffered any material adverse change, financial or otherwise, in its business, financial condition, assets, properties, liabilities or operations (taken as a whole) or any occurrences or circumstances which have resulted or might reasonably be expected to result in a material adverse change thereto (other than changes attributable to fluctuations in the prices of commodities);

(v) not made any change in its accounting principles and practices as theretofore applied including, without limitation, the basis upon which its assets and liabilities are recorded on its books and its earnings and profits and losses are ascertained, except as required under Canadian generally accepted accounting principles;

(vi) not altered its salary and other compensation levels or paid any bonuses or other unusual payments other than as disclosed in writing to Harvest;

(vii) not issued any guarantees or made any commitments outside the normal course of business other than as disclosed in writing to Harvest; and

(viii) expect as disclosed in writing, not entered into or closed any hedge, swap or other like transactions;

(r) Storm and each of its subsidiaries and partnerships has conducted and is conducting its business in accordance with good oilfield practices and in compliance in all material respects with all Applicable Laws, rules and regulations and, in particular, all applicable licensing and environmental legislation, regulations or by-laws or other lawful requirements of any governmental or regulatory bodies applicable to Storm and each of its subsidiaries and partnerships of each jurisdiction in which it carries on business and holds all licenses, registrations and qualifications material to its business and assets in all jurisdictions in which it carries on business and where the failure to so conduct business or be in such compliance would have a material adverse effect on the business of Storm, taken as a whole, which are necessary or desirable to carry on the business of Storm and its subsidiaries and partnerships, as now conducted, and none of such licenses, registrations or qualifications contains any burdensome term, provision, condition or limitation which has or is likely to have any material adverse effect, financial or otherwise, on the business of Storm, taken as a whole, or the Production Business;

(s) all ad valorem, property, production, severance and similar taxes and assessments, royalties or lease rentals based on or measured by the ownership of property or the production of petroleum substances or the receipts of proceeds therefrom payable by Storm and each of its subsidiaries and partnerships in respect of any properties or assets up to the date hereof and to the Effective Time have been or will be properly and fully paid and discharged;

(t) no officer, director, employee or consultant of Storm, any associate or affiliate of any such person or any party not at arm's length to Storm owns, has or is entitled to any royalty, net profits interest, carried interest or other Encumbrances of any nature whatsoever which are based on production from Storm's properties or assets or any revenue or rights attributed thereto;

(u) except as have been disclosed in writing to Harvest prior to the date hereof, there are no contracts, bonus, severance, vacation or other arrangements to which Storm is a party with any director, officer, employee or consultant of Storm, or any associate or affiliate of any such director, officer, employee or consultant, nor is there any indebtedness owing by Storm to any such parties or by any such parties to Storm and the aggregate amount payable under all written employment contracts, bonus, vacation and severance arrangements previously disclosed in writing to Harvest, payable upon the completion of the Arrangement does not exceed $1.7 million;

(v) Storm has made available to Paddock Lindstrom & Associates Limited and McDaniel & Associates Consultants Ltd., prior to the issuance of the Storm Reserve Report, all information material to an adequate determination of oil and gas reserves, none of such information contained a material misrepresentation and (other than as may be affected by the disposition of petroleum and natural gas assets in the ordinary course) Storm has no knowledge of any material adverse change to the oil and gas reserves of Storm since the effective date of the Storm Reserve Report;

(w) except as has been disclosed in writing to Harvest, Storm is not aware of any defects, failures or impairments in the title of Storm and each of its subsidiaries and partners to its oil and gas properties or facilities including, without limitation, those to be included in the Production Business, whether or not an action, suit, proceeding or inquiry is pending or threatened and whether or not discovered by any third party, which in aggregate could have a material adverse effect, financial or otherwise, on the business of Storm or the Production Business, or the anticipated cash-flow of Storm or the Production Business;

(x) the Storm Net Debt does not exceed $66.0 million as at March 31, 2004;

(y) the Tax Pools of Storm and each of its subsidiaries and partnership are not less than amounts and form disclosed to Harvest in writing on the dates set forth in such disclosure, and further, the Tax Pools of Storm as at December 31, 2003, after determination of the consolidated tax provision and the consolidated future income tax obligation measured as at that date and included in the Storm Financial Statements for the year ended December 31, 2003, are, before giving effect to eligible tax pool reclassifications, not less than $119,367,879, including approximately $15,023,100 of undepreciated capital cost, $12,149,782 of cumulative Canadian development expense, $309,486 of cumulative Canadian exploration expense, $87,525,617 cumulative Canadian oil and gas property expense and non-capital losses of $4,359,894;

(z) Storm has renounced all expenditures required to be renounced under all flow-through agreements which Storm is a party and Storm has incurred the required expenditures under all such flow through agreements;

(aa) Storm, its subsidiaries or partnerships, are not and will not be at the Effective Time indebted to Storm International, have not guaranteed and will not after the date hereof guarantee any of the obligations of Storm International, Rock Energy or ExploreCo (other than the guarantees with respect to the Sud Remada Prospection Permit) and will not after the date hereof advance or have any obligation to advance after the Effective Time any funds to Storm International by way of subscription for equity securities, loans or otherwise nor will Storm retain any obligation or liability related to Storm International following Closing with the exception of the Sud Remada Prospection Permit guarantee;

(bb) Storm has met all of its spending obligations under the Joint Venture Agreement dated July 1, 2003 between Storm and Guard Resource Ltd., as agent, (the "Guard Agreement") and at the Effective Time will have no further spending obligations under the Guard Agreement;

(cc) Storm and each of its subsidiaries, on or before Closing, will have duly and timely filed, in proper form, all returns in respect of taxes under the *Income Tax Act*, the *Alberta Corporate Tax Act* (Alberta), the income tax legislation of any other province of Canada or any foreign country in which it carries on business or to the jurisdiction of which it is otherwise subject, the *Mines and Minerals Tax Act* (Alberta), the *Freehold Mineral Rights Tax Act* (Alberta) and similar legislation of other provinces having jurisdiction over the affairs of Storm and each of its subsidiaries, and the *Excise Tax Act* (Canada) for all prior periods in respect of which such filings are required; and all taxes owing with respect to periods ending on or prior to December 31, 2003 related to Storm and its subsidiaries have been paid or accrued on the consolidated books of Storm calculated in accordance with Canadian generally acceptable accounting principles and all payments by Storm and each of its subsidiaries to any non-resident of Canada have been made in accordance with all applicable legislation in respect of withholding tax; Storm and each of its subsidiaries has withheld from each payment made to any of its officers, directors, former directors and employees the amount of all taxes (including, without limitation, income tax) and other deductions required to be withheld therefrom and has paid the same to the proper tax or other authority within the time required under any applicable tax legislation; Storm and each of its subsidiaries has made all instalment payments required to be made prior to the date hereof under all applicable tax legislation; and Storm and each of its subsidiaries has paid all taxes which are due and payable as at the date hereof;

(dd) there are no outstanding agreements or waivers material to Storm or its subsidiaries or partnerships extending the statutory period of limitations applicable to any federal, provincial or other income tax return for any period and there are no proposed or issued assessments or reassessments respecting Storm or its subsidiaries or partnerships material to Storm or its subsidiaries or partnerships or the Production Business pursuant to which there are amounts owing or discussions in respect thereof with any taxing authority;

(ee) except as disclosed in writing to Harvest, neither Storm nor its subsidiaries or partnerships is a party to any written contracts of employment or collective bargaining agreements and there are no currently existing employment benefit plans, arrangements or agreements, other than the share option plan, employee stock savings plan, vacation entitlements, health and group insurance plans and customary government plans such as Canada Pension Plan, Employment Insurance and Workers Compensation, to which Storm or its subsidiaries or partnerships is a party or by which it is bound;

(ff) to the best of the knowledge of Storm and ExploreCo, except to the extent that any violation or other matter referred to in this paragraph does not have a material adverse effect, financial or otherwise, on the business, assets, properties, condition (financial or otherwise), results of operations or prospects of Storm, taken as a whole, or the Production Business:

(i) Storm and each of its subsidiaries and partnerships is not in violation of any applicable federal, provincial, municipal or local laws, regulations, orders, government decrees or ordinances with respect to environmental, health or safety matters (collectively, "Environmental Laws");

(ii) Storm and each of its subsidiaries and partnerships has operated its business at all times and has received, handled, used, stored, treated, shipped and disposed of all contaminants without violation of Environmental Laws;

(iii) except as have been disclosed to Harvest, there have been no spills, releases, deposits or discharges of hazardous or toxic substances, contaminants or wastes which have not been rectified on any of the real property owned or leased by Storm or its subsidiaries or partnerships or under their control;

(iv) there have been no releases, deposits or discharges, in violation of Environmental Laws, of any hazardous or toxic substances, contaminants or wastes into the earth, air or into any body of water or any municipal or other sewer or drain water systems by Storm or its subsidiaries or partnerships;

(v) no orders, directions or notices have been issued and remain outstanding pursuant to any Environmental Laws relating to the business or assets of Storm or its subsidiaries or partnerships;

(vi) Storm and each of its subsidiaries and partnerships has not failed to report to the proper Governmental Authority the occurrence of any event which is required to be so reported by any Environmental Law; and

(vii) Storm and each of its subsidiaries and partnership holds all licenses, permits and approvals required under any Environmental Laws in connection with the operation of its business and the ownership and use of its assets, all such licenses, permits and approvals are in full force and effect, and except for (A) notifications and conditions of general application to assets of the type owned by Storm and each of its subsidiaries and partnership, and (B) notifications relating to reclamation obligations under the *Environmental Protection and Enhancement Act* (Alberta), Storm and each of its subsidiaries and partnership has not received any notification pursuant to any Environmental Laws that any work, repairs, construction or capital expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws, or any license, permit or approval issued pursuant thereto, or that any license, permit or approval referred to above is about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated;

(gg) Storm is a "reporting issuer" or has equivalent status in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Quebec, and the Storm Shares are listed on the TSX, and Storm has not been notified of any default or alleged default by Storm of any requirement of securities and corporate laws, regulations, orders, notices and policies which remains outstanding;

(hh) all information relating to Storm, ExploreCo and the Production Business in the Information Circular shall be true and complete in all material respects and shall not contain any misrepresentation; and

(ii) all of the data and information in respect of Storm and the Production Business provided or disclosed to Harvest or any of its officers, employees, agents or other representatives was accurate and correct in all material respects as at the date of such data and information.

ARTICLE 7
HARVEST AND HARVEST OPERATIONS' REPRESENTATIONS AND WARRANTIES

7.1 Each of Harvest and Harvest Operations jointly and severally represents, warrants and covenants to Storm and ExploreCo that:

(a) Harvest is a trust duly settled and validly existing under the laws of the Province of Alberta and has the capacity, power and authority to own or lease its property and assets and to carry on its business as now conducted by it;

(b) Harvest qualifies as a "mutual fund trust" for the purposes of the *Income Tax Act*;

(c) Harvest Operations is duly organized and validly existing under the laws of the Province of Alberta, has the capacity, power and authority to own or lease its properties and assets and to carry on its business as now conducted by it;

(d) each of Harvest and Harvest Operations is duly qualified to carry on business in each jurisdiction in which the nature of its business or the property or assets owned or leased by it makes such qualification necessary, except where the failure to be so qualified will not have a material adverse effect on the business, assets, properties, condition (financial or otherwise), results of operations or prospects of Harvest and its subsidiaries, taken as a whole;

(e) Harvest does not have any subsidiaries other than Harvest Operations, 1057536 Alberta Ltd., 1057533 Alberta Ltd. and Harvest Sask Energy Trust and Harvest Operations, 1057536 Alberta Ltd., 1057533 Alberta Ltd. and Harvest Sask Energy Trust do not have any subsidiaries;

(f) each of Harvest and Harvest Operations has complied with and is in compliance with all laws or regulations applicable to the operation of its business, including all Applicable Laws, except where failure to do so would not have a material adverse effect on the business, assets, properties, condition (financial or otherwise), results of operations or prospects of Harvest and Harvest Operations, taken as a whole, and Harvest and Harvest Operations has all licenses, permits, orders or approvals of, and has made all required registrations with any government or regulatory body that are material to the conduct of its business;

(g) each of Harvest and Harvest Operations has all requisite power and authority to enter into this Agreement and the Joint Venture Agreements and all documents to be delivered pursuant hereto and, subject to the terms hereof, to perform its obligations hereunder and thereunder;

(h) the execution and delivery of this Agreement and the Joint Venture Agreements and all documents to be delivered pursuant hereto, the performance of the terms hereof and thereof and the consummation of the transactions contemplated herein and therein do not and will not:

(i) result in the breach of or violate any term or provision of the governing documents of Harvest or Harvest Operations;

(ii) conflict with, result in a breach of, constitute a default under, or accelerate or permit the acceleration of the performance required by, any agreement, instrument, license, permit or authority to which Harvest or Harvest Operations is a party or by which they are bound or to which any of their property is subject; or

(iii) violate any provision of law or administrative regulation or any judicial or administrative order, award, judgment or decree applicable to Harvest or Harvest Operations;

except to the extent such result or occurrence as set forth in this subsection 7.1(g) does not have a material adverse effect, financial or otherwise, on the business, assets, properties, condition (financial or otherwise) results of operations or prospects of Harvest;

(i) this Agreement has been and, prior to the Effective Date, the Joint Venture Agreements will be duly authorized, executed and delivered by Harvest and Harvest Operations and all documents to be delivered by Harvest or Harvest Operations pursuant to this Agreement and the Joint Venture Agreements will be duly authorized, executed and delivered by Harvest or Harvest Operations, as the case may be, and this Agreement and the Joint Venture Agreements will constitute legal, valid and binding obligations of Harvest and Harvest Operations enforceable in accordance with their respective terms;

(j) neither Harvest nor Harvest Operations as at the date hereof has incurred any obligation or liability, contingent or otherwise, for brokerage fees, finder's fees, agent's commission, financial advisory fees or similar forms of compensation with respect to the transactions contemplated herein;

(k) there are no actions, suits, other legal, administrative or arbitration proceedings or government investigations commenced, or to the knowledge of Harvest or Harvest Operations contemplated, at law or in equity or before or by any court or other Governmental Authority and which involve or affect Harvest or Harvest Operations which could have a material adverse effect, financial or otherwise, on the assets, liabilities, business, operations, prospects, affairs, capital or financial condition of Harvest and, to the best of the knowledge, information and belief of Harvest or Harvest Operations, there are no grounds upon which any such actions, suits or proceedings may be commenced with a reasonable likelihood of success;

(l) the authorized capital of Harvest consists of an unlimited number of Harvest Trust Units and an unlimited number of Special Voting Units of which as at the date hereof, only 17,303,353 Harvest Trust Units are issued and outstanding, all of which are issued as fully paid and non-assessable;

(m) no person has any agreement, option, right or privilege (including, without limitation, whether by law, pre-emptive right, contract or otherwise) to purchase, subscribe for, convert into, exchange for or otherwise require the issuance of, nor any agreement, option, right or privilege capable of becoming any such agreement, option, right or privilege, any of the unissued shares or other securities of Harvest except for options to purchase in the aggregate not more than 1,063,725 Harvest Trust Units as at the date hereof;

(n) the minute books of Harvest and Harvest Operations are true and correct in all material respects and contain the minutes of all meetings and all resolutions of the trustees, directors, unitholders or shareholders, as the case may be, thereof;

(o) the Harvest Financial Statements have been prepared in accordance with generally accepted accounting principles applicable in Canada applied on a basis consistent with that of prior periods (except as stated therein) and present fairly the financial position of Harvest as of the dates provided therein and the results of its operations and the changes in financial position for the periods then ended and reflect all assets, liabilities and obligations (absolute, accrued, contingent or otherwise) of Harvest as at the dates thereof;

(p) no securities commission or similar regulatory authority has issued any order preventing or suspending trading of any securities of Harvest, and Harvest is not in default of any requirement of Applicable Laws;

(q) the information and statements set forth in the Harvest Public Documents were true, correct and complete and did not contain any misrepresentations, as of their respective dates, no material change has occurred in relation to Harvest which is not disclosed in such public record, and Harvest has not filed any confidential material change reports which continue to be confidential;

(r) since December 31, 2003, each of Harvest and Harvest Operations has:

(i) not amended its governing documents;

(ii) not disposed of any property or assets out of the ordinary course of business;

(iii) conducted its business in all material respects in the usual, ordinary and regular course and consistent with past practice;

(iv) not suffered any material adverse change, financial or otherwise, in its business, financial condition, assets, properties, liabilities or operations (taken as a whole) or any occurrences or circumstances which have resulted or might reasonably be expected to result in a material adverse change thereto (other than changes attributable to fluctuations in the prices of commodities);

(v) not made any change in its accounting principles and practices as theretofore applied including, without limitation, the basis upon which its assets and liabilities are recorded on its books and its earnings and profits and losses are ascertained, except as required under Canadian generally accepted accounting principles; and

(vi) not altered its salary and other compensation levels or paid any bonuses or other unusual payments other than as disclosed in writing to Storm;

(s) Harvest Operations has conducted and is conducting its business in accordance with good oilfield practices and in compliance in all material respects with all Applicable Laws, rules and regulations and, in particular, all applicable licensing and environmental legislation, regulations or by-laws or other lawful requirements of any governmental or regulatory bodies applicable to Harvest Operations of each jurisdiction in which it carries on business and holds all licenses, registrations and qualifications material to its business and assets in all jurisdictions in which it carries on business and where the failure to so conduct business or be in such compliance would have a material adverse effect on the business of Harvest which are necessary or desirable to carry on the business of Harvest Operations, as now conducted, and none of such licenses, registrations or qualifications contains any burdensome term, provision, condition or limitation which has or is likely to have any material adverse effect, financial or otherwise, on the business of Harvest Operations;

(t) all ad valorem, property, production, severance and similar taxes and assessments based on or measured by the ownership of property or the production of petroleum substances or the receipts of proceeds therefrom payable by Harvest or Harvest Operations in respect of any properties or assets up to the date hereof and to the Effective Time have been or will be properly and fully paid and discharged;

(u) no officer, director, employee or consultant of Harvest Operations, any associate or affiliate of any such person or any party not at arm's length to Harvest Operations owns, has or is entitled to any royalty, net profits interest, carried interest or other Encumbrances of any nature whatsoever which are based on production from Harvest's properties or assets or any revenue or rights attributed thereto;

(v) except as have been publicly disclosed prior to the date hereof, there are no contracts or arrangements to which Harvest or Harvest Operations is a party with any director, officer, employee or consultant of Harvest Operations, or any associate or affiliate of any such director, officer, employee or consultant, nor is there any indebtedness owing by Harvest or Harvest Operations to any such parties or by any such parties to Harvest or Harvest Operations;

(w) Harvest Operations has made available to McDaniel & Associates Consultants Ltd. prior to the issuance of the Harvest Reserve Report, all information material to an adequate determination of oil and gas reserves, none of such information contained a material misrepresentation and (other than as may be affected by the disposition of petroleum and natural gas assets in the ordinary course) Harvest and Harvest Operations have no knowledge of any material adverse change to the oil and gas reserves of Harvest Operations since the effective date of the Harvest Reserve Report;

(x) Harvest is not aware of any defects, failures or impairments in the title of Harvest Operations to its oil and gas properties or facilities, whether or not an action, suit, proceeding or inquiry is pending or threatened and whether or not discovered by any third party, which in aggregate could have a material adverse effect, financial or otherwise, on the business of Harvest Operations or the anticipated cash-flow of Harvest or Harvest Operations;

(y) each of Harvest and Harvest Operations has duly and timely filed, in proper form, returns in respect of taxes under the *Income Tax Act*, the *Alberta Corporate Tax Act* (Alberta), the income tax legislation of any other province of Canada or any foreign country in which it carries on business or to the jurisdiction of which it is otherwise subject, the *Mines and Minerals Tax Act* (Alberta), the *Freehold Mineral Rights Tax Act* (Alberta) and similar legislation of other provinces having jurisdiction over the affairs of Harvest and Harvest Operations, and the *Excise Tax Act* (Canada) for all prior periods in respect of which such filings have heretofore been required, and all taxes shown thereon and all taxes owing with respect to periods ending on or prior to December 31, 2003 have been paid or accrued on the books of Harvest calculated in accordance with Canadian generally acceptable accounting principles and all payments by Harvest or Harvest Operations to any non-resident of Canada have been made in accordance with all applicable legislation in respect of withholding tax; and Harvest Operations has withheld from each payment made to any of its officers, directors, former directors and employees the amount of all taxes (including, without limitation, income tax) and other deductions required to be withheld therefrom and has paid the same to the proper tax or other authority within the time required under any applicable tax legislation; Harvest and Harvest Operations has made all instalment payments required to be made prior to the date hereof under all applicable tax legislation; and Harvest and Harvest Operations has paid all taxes which are due and payable as at the date hereof;

(z) there are no outstanding agreements or waivers material to Harvest extending the statutory period of limitations applicable to any federal, provincial or other income tax return for any period and there are no proposed or issued assessments or reassessments respecting Harvest or Harvest Operations material to Harvest or Harvest Operations pursuant to which there are amounts owing or discussions in respect thereof with any taxing authority;

(aa) to the best of the knowledge of Harvest and Harvest Operations, except to the extent that any violation or other matter referred to in this paragraph does not have a material adverse effect, financial or otherwise, on the business, assets, properties, condition (financial or otherwise), results of operations or prospects of Harvest and Harvest Operations:

(i) Harvest Operations is not in violation of any applicable federal, provincial, municipal or local laws, regulations, orders, government decrees or ordinances with respect to environmental, health or safety matters (collectively, "Environmental Laws");

(ii) Harvest Operations has operated its business at all times and has received, handled, used, stored, treated, shipped and disposed of all contaminants without violation of Environmental Laws;

(iii) except as have been disclosed to Storm, there have been no spills, releases, deposits or discharges of hazardous or toxic substances, contaminants or wastes which have not been rectified on any of the real property owned or leased by Harvest and Harvest Operations or under its control;

(iv) there have been no releases, deposits or discharges, in violation of Environmental Laws, of any hazardous or toxic substances, contaminants or wastes into the earth, air or into any body of water or any municipal or other sewer or drain water systems by Harvest Operations;

(v) no orders, directions or notices have been issued and remain outstanding pursuant to any Environmental Laws relating to the business or assets of Harvest Operations;

(vi) Harvest Operations has not failed to report to the proper Governmental Authority the occurrence of any event which is required to be so reported by any Environmental Law; and

(vii) Harvest Operations holds all licenses, permits and approvals required under any Environmental Laws in connection with the operation of its business and the ownership and use of its assets, all such licenses, permits and approvals are in full force and effect, and except for (A) notifications and conditions of general application to assets of the type owned by Harvest, and (B) notifications relating to reclamation obligations under the *Environmental Protection and Enhancement Act* (Alberta), Harvest Operations has not received any notification pursuant to any Environmental Laws that any work, repairs, construction or capital expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws, or any license, permit or approval issued pursuant thereto, or that any license, permit or approval referred to above is about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated;

(bb) Harvest is a "reporting issuer" or has equivalent status in each of the provinces of Canada, and the Harvest Trust Units are listed on the TSX, and Harvest has not been notified of any default or alleged default by Harvest of any requirement of securities and corporate laws, regulations, orders, notices and policies;

(cc) the Harvest Trust Units to be issued pursuant to the Plan of Arrangement will, upon issuance, be duly and validly issued as trust units of Harvest;

(dd) the Exchangeable Shares to be issued pursuant to the Plan of Arrangement will, upon issuance, be duly and validly issued as fully paid and non-assessable shares of Harvest Operations;

(ee) all information relating to Harvest provided by Harvest to Storm for inclusion in the Information Circular shall be true and complete in all material respects and shall not contain any misrepresentation; and

(ff) all of the data and information in respect of Harvest provided or disclosed to Storm or any of its officers, employees, agents or other representatives was and is accurate and correct in all material respects.

ARTICLE 8
STORM'S AND EXPLORECO'S COVENANTS

8.1 Storm covenants and agrees that, until Closing or the termination of this Agreement, whichever is the earlier, except with the prior written consent of Harvest:

(a) other than as contemplated herein, it and its subsidiaries and partnerships (other than Storm International (except with respect to (i), (ii), (ix) and (xvi) below)) will not, directly or indirectly, do or permit to occur any of the following:

(i) pursue any other material corporate acquisition or disposition, amalgamation, merger, arrangement or purchase or sale of assets or make any other material change to the business, capital or affairs of Storm;

(ii) issue, enter into any agreement to issue or grant any right to acquire (whether absolute or contingent) any securities of Storm other than the issuance of Storm Shares pursuant to outstanding Storm Options;

(iii) propose or effect any changes in its capital structure or its articles or by-laws;

(iv) split, combine or re-classify the outstanding Storm Shares, or declare, set aside or pay any dividend or other distribution payable in cash, stock, property or otherwise in respect of Storm Shares;

(v) redeem, purchase or offer to purchase any Storm Shares, Storm Options or other securities other than as contemplated in Section 4.1(h);

(vi) reduce the stated capital of Storm or any of its outstanding shares;

(vii) pay any dividends or make any distributions to its shareholders;

(viii) acquire or agree to acquire (by merger, amalgamation, acquisition of securities or assets or otherwise) any person, corporation, partnership or other business or organization or division or, except in the ordinary course of business, any assets or property;

(ix) conduct any activity or operations that would otherwise be detrimental to the Arrangement;

(x) other than pursuant to commitments entered into by Storm prior to the date of the Agreement and disclosed to Harvest, expend any amounts, incur any liabilities, create any Encumbrance on any of its properties or assets, enter into any agreements, arrangements, provide any loans, or make any commitments outside of the ordinary course of business (whether absolute, contingent or otherwise), or make any offers that could result in any agreements or commitments, whether or not in the ordinary course of business, in the case of the ExploreCo Assets, in an amount in excess of $10,000 in respect of any one transaction or $25,000 in the aggregate and, in the case of the Production Business, in an amount in excess of $25,000 in respect of any one transaction and $100,000 in aggregate;

(xi) other than pursuant to commitments entered into by Storm prior to the date of the Agreement and disclosed to Harvest, pay, discharge or satisfy any material claims, liabilities or obligations other than in the ordinary course of business consistent with past practice;

(xii) enter into or close any hedge, swaps or other like transactions;

(xiii) other than pursuant to commitments entered into by Storm prior to the date of the Agreement and disclosed to Harvest, sell, dispose of, transfer, convey, encumber, surrender, release or abandon the whole or any part of its assets, other than production in the ordinary course;

(xiv) grant any officer or director an increase in compensation in any form or take any action with respect to the amendment or grant of any severance or termination pay policies or arrangements for any directors, officers or employees, nor adopt or amend or make any contribution to any bonus, profit-sharing, option, pension, retirement, deferred compensation, insurance, incentive compensation, other compensation or other similar plan from a trust fund or arrangement for the benefit of directors, officers or employees except as is necessary to comply with applicable laws or the existing provisions of any such plans or agreement or make any loan to any director, officer, employee, consultant or any other party not at arm’s length with Storm provided that Storm may accelerate the vesting of any Storm Options;

(xv) terminate any employees which would give rise to liability greater than disclosed in Section 6.1(u);

(xvi) take any action, refrain from taking any action, permit any action to be taken or not taken, inconsistent with this Agreement, which might directly or indirectly interfere or affect the consummation of the Arrangement;

(b) it shall:

(i) except as otherwise permitted in this agreement, conduct Storm’s business and the business of its subsidiaries and partnerships only in the usual ordinary course of business consistent with past practice (for greater certainty, where it is an operator of any property, it shall operate and maintain such property in the proper and prudent manner in accordance with good industry practice and the agreements governing the ownership and operation of such property) and Storm shall consult with Harvest in respect of the ongoing business and affairs of Storm and its subsidiaries and keep Harvest up to date on all material developments related thereto;

(ii) provide to Harvest reports on Storm's operations and affairs as may be reasonably requested from time to time by Harvest;

(iii) use its reasonable commercial efforts to cause its current insurance (or re-insurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance and re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect;

(iv) use its reasonable commercial efforts to preserve intact its business organizations and goodwill and to maintain satisfactory relationships with suppliers, distributors, customers and others having business relationships with it; and

(v) promptly notify Harvest orally and in writing of any material adverse change in the normal course of its business or in the operation of its business or in the operation of its properties, and of any material governmental or third party complaints, investigations or hearings (or communications indicating that the same may be contemplated);

(c) it shall not, and shall cause its directors, officers, employees, advisors and other representatives ("Representatives") not to, nor shall it permit any of its subsidiaries or partnerships to, directly or indirectly:

(i) solicit, facilitate, initiate, encourage or take any action to solicit, facilitate, initiate, entertain or encourage, any inquiries or communication regarding or the making of any proposal or offer that constitutes or may constitute a Storm Acquisition Proposal (as defined below) (including, without limitation, by way of furnishing information) any inquiry or the making of any proposal to Storm or its shareholders from any person which constitutes, or may reasonably expect it to lead to (in either case whether in one transaction or a series of transactions): (A) an acquisition from Storm or its shareholders of any securities of Storm and its subsidiaries; (B) any acquisition of a substantial amount of assets of Storm or its subsidiaries; (C) an amalgamation, arrangement, merger, consolidation of any of Storm or its subsidiaries; or (D) any take-over bid, issuer bid, exchange offer, re-capitalization, liquidation, dissolution, re-organization into a royalty trust or income fund or similar transaction involving any of Storm or its subsidiaries or any other transaction, the consummation of which would or could reasonably be expected to impede, interfere with, prevent or delay the Arrangement or which would or could reasonably be expected to materially reduce the benefits of the Arrangement to Harvest (any such inquiry or proposal in respect of any of the foregoing referred to as a "Storm Acquisition Proposal"). Storm shall immediately cease and cause to be terminated, and shall cause its subsidiaries and all Representatives to immediately terminate and cause to be terminated, all existing discussions or negotiations with any person conducted heretofore with respect to, or that could reasonably be expected to lead to a Storm Acquisition Proposal. Storm shall promptly notify each Representative of its obligations under this Section 8.1(c)(i). Without limiting the foregoing, it is agreed that any violation of the restrictions set forth above by any subsidiary or partnership of Storm or any Representative, whether or not such person is purporting to act on behalf of Storm, shall be deemed to be a breach of this Section 8.1(c)(i);

(ii) enter into or participate in any discussions or negotiations regarding a Storm Acquisition Proposal or, except in the ordinary course of business, furnish any other person any information with respect to the business, properties, operations, prospects or conditions (financial or otherwise) of Storm or its subsidiaries or of a Storm Acquisition Proposal or otherwise cooperate in any way with, or assist or participate in, facilitate, encourage, any effort or attempt of any other person to do or seek to do any of the foregoing; or

(iii) waive, or otherwise forbear (except in respect of non-material matters) in the enforcement of, or enter into or participate in any discussions, negotiations or agreements to waive or otherwise forbear in respect of any rights or other benefits of Storm or its subsidiaries in any confidential information agreement, including, without limitation, any "standstill provision" thereunder;

provided that the foregoing shall not prevent the board of directors of Storm from responding as required by law to any *bona fide* unsolicited offer or proposal in writing regarding a Storm Acquisition Proposal from a third party (provided that prior to providing any additional information, such third party first enters into a confidentiality agreement substantially similar to the confidentiality agreement entered into by Harvest and which confidentiality agreement shall not in any way restrict disclosure to Harvest by Storm, including disclosure of prospective discussions and negotiations between Storm and such third party) or making any disclosure to its shareholders with respect thereto, if and only to the extent that such third party has demonstrated that the funds or other consideration necessary for the Storm Acquisition Proposal are available and Storm's board of directors shall further conclude in good faith (i) after receiving advice of its financial advisors, that such Storm Acquisition Proposal would, if consummated in accordance with its terms, result in a transaction financially more favourable to Storm and the Storm Securityholders than the Arrangement; and (ii) after considering applicable law and written advice of its outside counsel, that any such response in connection with such Storm Acquisition Proposal is necessary in order for the board of directors to act in a manner consistent with its fiduciary duties under applicable law and after giving effect to all proposals to adjust the terms and conditions of this Agreement and the Arrangement which may be offered by Harvest during the greater of one business day or 48 hours notice period set forth below. Storm shall give Harvest orally and in writing at least the greater of one business day and 48 hours advance notice of any meeting of the board of directors of Storm to accept, recommend, approve or implement a Storm Acquisition Proposal. Such notice shall include the principal business terms and conditions of the Storm Acquisition Proposal and the general attributes of any non-cash consideration;

(d) it will notify Harvest immediately if any inquiries or proposals contemplated by subsection 8.1(c) are received by it and the details of any such inquiries or proposals, or if any such information is requested from or any such negotiations or discussions are sought to be initiated or conducted with it;

(e) if any information is provided to a third party after the execution of this Agreement for the purpose of assisting that third party in making an offer or proposal to it or its shareholders which has not been previously made available to Harvest, such information will simultaneously be provided to Harvest;

(f) it will keep Harvest fully informed as to the decisions required with respect to the most advantageous methods of exploring, operating and producing from the Production Business;

(g) it will use reasonable commercial efforts to cooperate with Harvest to enable an orderly integration of the business and affairs of Storm with Harvest after the Effective Date;

(h) it will make available and cause to be made available to Harvest, its agents and advisors, as Harvest may reasonably request, all documents and agreements (including without limitation, any correspondence between Storm and its advisors or any governmental body and all minute books) and access to Storm's premises, field operations, records, computer systems and employees in any way relating to or affecting the Production Business, the Tax Pools, or the business, operations, prospects, affairs or financial status of Storm and such other documents or agreements as may be necessary to enable Harvest to verify the truth of the representations and warranties of Storm and ExploreCo herein and compliance by Storm and ExploreCo with the terms and conditions hereof, except where Storm or ExploreCo is contractually precluded from making such document or agreement available, and cooperate with Harvest in securing access for Harvest to any such documentation not in the possession or under the control of Storm or ExploreCo;

(i) it will make available to Harvest, and consents to the use of, all financial statements which may be required to be disclosed in the Information Circular or in other Harvest documents required under Applicable Law and it will use its reasonable commercial best efforts to cause its auditors, to the extent required under Applicable Law, to provide their consent to use of their report and use of their name in connection with any disclosure by Harvest of such financial statements provided that Harvest agrees that it shall: (i) be liable to Storm for all losses, costs, damages and expenses whatsoever which Storm may suffer, sustain, pay or incur; and (ii) indemnify and save Storm and its directors and officers harmless from and against all claims, liabilities, actions, proceedings, demands, losses, costs, damages and expenses whatsoever which may be alleged against, threatened, brought against or suffered by Storm or its directors or officers as a result of the uses of the financial information as provided in this Section 8.1(i) but provided notwithstanding the foregoing: (A) the provisions of this Section 8.1(i) shall not release or diminish Storm from any of its representations, warranties or covenants otherwise contained in this Agreement; and (B) the foregoing indemnity shall not apply to any of the foregoing parties to the extent that they had actual knowledge that the financial information provided by Storm to Harvest contained an untrue statement of a material fact or omitted to state a material fact that was required to be stated or that was necessary to make the financial statements not misleading;

(j) it will not disclose to any person, other than officers, directors and key employees and professional advisors of Storm or ExploreCo, any confidential information relating to Harvest except information disclosed in the Information Circular, required to be disclosed by law or otherwise known to the public;

(k) it will not take any action or omit to take any action which results in a reduction of the Tax Pools of Storm except for actions permitted under this Agreement;

(l) it will not take any action that would render, or that may reasonably be expected to render, any representation or warranty made by Storm or ExploreCo in this Agreement untrue at any time prior to the Effective Time;

(m) it will, together with ExploreCo, enter into the Conveyance Agreements as soon as reasonably practicable;

(n) it will use its reasonable commercial efforts to fulfill or cause the fulfilment of the conditions set forth in Sections 4.1 and 5.1, to the extent the fulfilment of the same is within the control of Storm;

(o) it will forthwith file, proceed with and diligently prosecute an application to the Court under the ABCA for an Interim Order of the Court with respect to the matters pertaining to the Arrangement and acceptable to Harvest acting reasonably;

(p) it will:

(i) forthwith carry out the terms of the Interim Order to the extent applicable to it;

(ii) convene the Meeting and distribute copies of this Agreement (or a written summary thereof prepared by Storm in form and substance reasonably satisfactory to Harvest), in each case as ordered by the Interim Order;

(iii) solicit proxies to be voted at the Meeting in favour of the Arrangement;

(iv) provide notice to Harvest of the Meeting and allow Harvest's representatives to attend the Meeting unless such attendance is prohibited by rules governing such Meeting; and

(v) conduct the Meeting in accordance with the Interim Order, the bylaws of Storm and any instrument governing such Meeting, as applicable, and as otherwise required by law;

(q) it will prepare (in consultation with Harvest), file and distribute to the Storm Securityholders in a timely and expeditious manner, the Information Circular, and any amendments or supplements to the Information Circular, and will include the Fairness Opinion as a schedule thereto, all as required by the Interim Order or by applicable law, in all jurisdictions where the same is required complying in all material respects with all applicable legal requirements on the date of issue thereof;

(r) it shall indemnify and save harmless Harvest and the directors, officers and agents of Harvest from and against any and all liabilities, claims demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which Harvest, or any director, officer or agent thereof, may be subject or which Harvest, or any director, officer or agent thereof; may suffer, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of any misrepresentation or alleged misrepresentation in the Information Circular relating to the Storm Information or any material in respect of Storm or its affiliates filed in compliance or intended compliance with Applicable Laws;

(s) subject to the provisions of Section 8.3, it will include in the Information Circular the unanimous recommendation of the board of directors of Storm that the Storm Shareholders vote in favour of the Arrangement;

(t) it will, subject to the approval of the Arrangement in accordance with the provisions of the Interim Order, forthwith file, proceed with and diligently prosecute an application for the Final Order;

(u) it will forthwith carry out the terms of the Final Order to the extent applicable to Storm and will forthwith file Articles of Arrangement and the Final Order with the Registrar;

(v) except for proxies and other non-substantive communications with security holders, Storm will furnish promptly to Harvest a copy of each notice, report, schedule or other document delivered, filed or received by Storm in connection with: (i) the Arrangement; (ii) the Meeting; (iii) any filings under Applicable Laws; and (iv) any dealings with regulatory agencies in connection with the transactions contemplated herein;

(w) it will make other necessary filings and applications under applicable Canadian federal and provincial and U.S. laws and regulations required on the part of Storm or ExploreCo in connection with the transactions contemplated herein and take all reasonable action necessary to be in compliance with such laws and regulations; and

(x) it will promptly advise Harvest of the number of Storm Shares and Storm Options for which Storm has received notices of dissent (if required by the Interim Order) or written objections to the Plan of Arrangement and will provide Harvest with copies of such notices or written objections.

Notwithstanding any other provision of this Agreement, Storm may extend its directors' and officers' insurance coverage for a period of up to 3 years following the Effective Date on terms and conditions as to coverage and premiums substantially the same as Storm's existing directors' and officers' insurance.

8.2 ExploreCo covenants and agrees that, until the Closing or the termination of this Agreement, whichever is the earlier, ExploreCo:

(a) will use its reasonable commercial efforts to fulfil or cause the fulfilment of the conditions set forth in Sections 4.1 and 5.1 to the extent the fulfilment of the same is within the control of ExploreCo;

(b) will not conduct any business, acquire any assets, incur any liabilities or allow any Encumbrances to be created against it except as contemplated by the Arrangement and the Conveyance Agreement and Joint Venture Agreements including, without limitation, undertaking such business and activity as may reasonably be necessary to ensure that ExploreCo will have the requisite business organization, personnel and business relationships to own and operate the Exploration Assets to be acquired pursuant to the Conveyance Agreements and conduct generally the business of an oil and gas company from and after the Effective Date;

(c) will forthwith carry out the terms of the Interim Order to the extent applicable to it, including satisfaction of amounts payable on exercise of rights of dissent as granted under the Interim Order, as applicable;

(d) will, subject to the approval of the Arrangement in accordance with the provisions of the Interim Order, forthwith file, proceed with and diligently prosecute an application for the Final Order;

(e) will forthwith carry out the terms of the Final Order to the extent applicable to ExploreCo;

(f) it will, together with Storm, enter into the Conveyance Agreements as soon as reasonably practicable;

(g) will make other necessary filings and applications under applicable Canadian federal and provincial and U.S. laws and regulations required on the part of ExploreCo in connection with the transactions contemplated herein and take all reasonable action necessary to be in compliance with such laws and regulations.

8.3 ExploreCo covenants and agrees that at Closing, it will, and will cause Storm International to, deliver the indemnity described in Section 4.1(j).

8.4 Notwithstanding the representation in subsection 6.1(h) or the covenant of Storm in subsection 8.1(r) but subject to compliance with subsection 8.1(c), if prior to the completion of the Arrangement, another bona fide Storm Acquisition Proposal is proposed, offered or made to the holders of Storm Shares or to Storm which, in the reasonable opinion of Storm's board of directors, after consultation with its financial advisors, would result in a financially superior transaction, directly or indirectly, for the holders of Storm Shares than that contemplated by the Arrangement, the board of directors of Storm may withdraw, modify or change the recommendation regarding the Arrangement if, in the opinion of such board of directors acting reasonably and upon the advice of its outside legal counsel, such withdrawal, modification or change is required in discharge of the fiduciary duties of the board of directors of Storm.

8.5 Storm agrees to pay Harvest in cash (on the date of the occurrence of any event below) the amount of $6.0 million (the "Harvest Break Fee") if:

(a) the board of directors of Storm fails to recommend that Storm Shareholders vote in favour of the Arrangement or the board of directors of Storm withdraws or, in a manner materially adverse to the Arrangement, modifies or changes it recommendation to Storm Shareholders to vote in favour of the Arrangement;

(b) a *bona fide* Storm Acquisition Proposal is made or announced and not withdrawn prior to the Meeting to all or substantially all holders of Storm Shares, the Plan of Arrangement is not approved at the Meeting and the Storm Acquisition Proposal is completed within 12 months of the Meeting; or

(c) a breach or non-performance by Storm of any of its covenants, agreements, representations and warranties in the Agreement (except where such breach is itself the result of a material breach or non-performance by Harvest or Harvest Operations of any of their respective representations, warranties or covenants contained in this Agreement) which makes it impossible or unlikely that all of the conditions of the Arrangement will be satisfied.

In the event the Harvest Break Fee will be payable, it would be considered liquidated damages for such breaches by Storm, and Harvest will not be able to seek further damages or participate in or support any legal action or suits for such breaches, other than a breach of Section 8.1(c) in which case Harvest may exercise any and all rights or remedies available to Harvest upon the breach of any provision of Section 8.1(c). The provisions of this Section 8.4 shall survive termination of this Agreement (provided in the case of subsection 8.4(b) hereof, such Storm Acquisition Proposal shall have been made or announced prior to notice of termination).

ARTICLE 9
HARVEST'S AND HARVEST OPERATIONS' COVENANTS

9.1 Each of Harvest and Harvest Operations covenants and agrees that until the Closing or the termination of this Agreement, whichever is the earlier, Harvest and Harvest Operations:

(a) other than as contemplated herein, it will not, directly or indirectly, do or permit to occur any of the following:

(i) propose or effect any changes in its capital structure or its governing documents;

(ii) split, combine or re-classify the outstanding Harvest Trust Units, or declare, set aside or pay any distribution payable in respect of Harvest Trust Units other than in accordance with Harvest's existing distribution policy;

(iii) redeem, purchase or offer to purchase any Harvest Trust Units or other securities except pursuant to Harvest's outstanding normal course issuer bid;

(iv) pay any distributions to its unitholders other than in accordance with Harvest's existing distribution policy;

(v) conduct any activity or operations that would otherwise be detrimental to the Arrangement;

(vi) other than pursuant to commitments entered into by Harvest prior to the date of the Agreement, pay, discharge or satisfy any material claims, liabilities or obligations other than in the ordinary course of business consistent with past practice;

(vii) take any action, refrain from taking any action, permit any action to be taken or not taken, inconsistent with this Agreement, which might directly or indirectly interfere or affect the consummation of the Arrangement;

(b) it shall:

(i) except as otherwise permitted in this agreement, conduct its business and the business of its subsidiaries only in the usual ordinary course of business consistent with past practice (for greater certainty, where it is an operator of any property, it shall operate and maintain such property in the proper and prudent manner in accordance with good industry practice and the agreements governing the ownership and operation of such property) and upon a request it shall consult with Storm in respect of its ongoing business and affairs and keep Storm up to date on all material developments related thereto;

(ii) disclose to Storm the grant to any officer or director of Harvest Operations of an increase in compensation in any form or take any action with respect to the amendment or the grant of any severance or termination pay policies or arrangements for any directors, officers or employees, nor adopt or amend or make any contribution to any bonus, profit-sharing, option, pension, retirement, deferred compensation, insurance, incentive compensation, other compensation or other similar plan from a trust fund or arrangement for the benefit of directors, officers or employees of Harvest Operations except as is necessary to comply with applicable laws or the existing provisions of any such plans or agreement or make any loan to any director, officer, employee, consultant or any other party not at arm's length with Harvest Operations;

(iii) provide to Storm reports on Harvest's and Harvest Operations' operations and affairs as may be reasonably requested from time to time by Storm;

(iv) use its reasonable commercial efforts to cause its current insurance (or re-insurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance and re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect;

(v) use its reasonable commercial efforts to preserve intact its business organizations and goodwill and to maintain satisfactory relationships with suppliers, distributors, customers and others having business relationships with it; and

(vi) promptly notify Storm orally and in writing of any material adverse change in the normal course of its business or in the operation of its business or in the operation of its properties, and of any material governmental or third party complaints, investigations or hearings (or communications indicating that the same may be contemplated);

(c) will use their reasonable commercial efforts to fulfil or cause the fulfilment of the conditions set forth in Sections 3.1 and 5.1 as soon as reasonably possible to the extent the fulfilment of the same is within the control of Harvest and Harvest Operations;

(d) will assist Storm in the preparation of the Information Circular and provide to Storm, in a timely and expeditious manner, all information as may be reasonably requested by Storm or is required by the Interim Order or applicable law, with respect to Harvest and its affiliates, the Arrangement and the transactions to be completed at the Meeting (the "Harvest Information") for inclusion in the Information Circular and any amendments or supplements to the Information Circular, in each case complying in all material respects with all applicable legal requirements on the date of issue thereof;

(e) from and after the Effective Date, it will cause Storm or any successor to Storm to: (i) fulfil its obligations pursuant to indemnities provided or available to past and present directors and officers of Storm pursuant to the provisions of the articles or by-laws of Storm and applicable corporate legislation and any written indemnity agreements between Storm and its past and present directors and officers, and (ii) maintain any trailing liability or "run off" insurance secured for Storm's past and present directors and officers as contemplated in Section 8.1 and not take any action to terminate such insurance;

(f) it shall indemnify and save harmless Storm and the directors, officers and agents of Storm from and against any and all liabilities, claims demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which Storm, or any director, officer or agent thereof, may be subject or which Storm, or any director, officer or agent thereof; may suffer, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of any misrepresentation or alleged misrepresentation in the Information Circular relating to the Harvest Information or any material in respect of Harvest or its affiliates filed in compliance or intended compliance with Applicable Laws;

(g) will forthwith carry out the terms of the Interim Order and the Final Order to the extent applicable to Harvest provided that nothing shall require Harvest to consent to any material modification of this Agreement, the Arrangement or Harvest's obligations hereunder or thereunder;

(h) will not disclose to any person, other than officers, directors and key employees and professional advisors of Harvest or Harvest Operations, any confidential information relating to Storm except information disclosed in the Information Circular, required to be disclosed by law or otherwise known to the public;

(i) it will not take any action that would render, or that may reasonably be expected to render, any representation or warranty made by Harvest or Harvest Operations in this Agreement untrue at any time prior to the Effective Time;

(j) will make all other necessary filings and applications under applicable federal, provincial and state laws and regulations in Canada and the United States required on the part of Harvest in connection with the transactions contemplated herein and take all reasonable commercial action necessary to be in compliance with such laws and regulations, including, without limitation, application to TSX for the approval of the issuance of the Harvest Trust Units ultimately underlying the Exchangeable Shares; and

(k) it will take all necessary actions to give effect to the transactions contemplated by this Agreement and the Arrangement, including the obligations in 3.1(e).

9.2 Harvest agrees to pay to Storm in cash on the date of the occurrence of any of the events described in this Section 9.2 the amount of $1.6 million (the "Storm Break Fee") if a breach or non-performance by Harvest of any of its covenants, agreements, representations and warranties in the Agreement (except where such breach is itself the result of a material breach or non-performance by Storm of any of their respective representations, warranties or covenants contained in this Agreement) which make it impossible or unlikely that all of the conditions of the Arrangement will be satisfied. In the event the Storm Break Fee will be payable, it would be considered liquidated damages for such breaches by Harvest, and Storm will not be able to seek further damages or participate in or support any legal action or suits for such breaches. This Section 9.2 shall survive the termination of this Agreement.

ARTICLE 10
TERMINATION

10.1 Notwithstanding any other rights contained herein, Harvest may terminate this Agreement provided that it is not in default of any of its representations, warranties or covenants under this Agreement upon notice to Storm and ExploreCo:

(a) if the Interim Order is set aside or modified in a manner unacceptable to Harvest, acting reasonably, on appeal or otherwise;

(b) if the Arrangement is not approved by Storm Shareholders in accordance with the terms of the Interim Order and all Applicable Laws on or before June 30, 2004;

(c) if the Final Order has not been granted in form and substance satisfactory to Harvest, acting reasonably on or before June 30, 2004;

(d) in the event the Arrangement has not become effective on or before June 30, 2004;

(e) if the Harvest Break Fee shall have become payable;

(f) if the Storm Break Fee shall have become payable and been paid by Harvest;

(g) if the Court, or any other court or a Governmental Authority shall have issued an order or taken any other action, in each case which has become final and non-appealable and which restrains, enjoins or otherwise prohibits the Arrangement; or

(h) upon any other circumstances hereunder that give rise to a termination of this agreement by Harvest, including those set forth in Sections 4.1 and 5.1 hereof.

10.2 Notwithstanding any other rights contained herein, Storm and ExploreCo may terminate this Agreement provided that they are in default of any of their representations, warranties or covenants under this Agreement upon notice to Harvest:

(a) if the Interim Order is set aside or modified in a manner unacceptable to Storm, acting reasonably, on appeal or otherwise;

(b) if Storm Securityholders do not approve the Arrangement in accordance with the terms of the Interim Order and all applicable corporate and securities law requirements on or before June 30, 2004;

(c) in the event the Final Order is not granted on or prior to June 30, 2004;

(d) in the event the Arrangement has not become effective on or before June 30, 2004;

(e) if the Harvest Break Fee shall have become payable and been paid by Storm;

(f) if the Storm Break Fee shall have become payable;

(g) if the Court, or any other court or a Governmental Authority shall have issued an order or taken any other action, in each case which has become final and non-appealable and which restrains, enjoins or otherwise prohibits the Arrangement; or

(h) upon any other circumstances hereunder that give rise to a termination of this agreement by Storm or ExploreCo, including those set forth in Sections 3.1 and 5.1 hereof.

10.3 This Agreement shall terminate upon the Arrangement becoming effective other than Articles 20 and 21.

10.4 The exercise by any party of any right of termination hereunder shall be without prejudice to any other remedy available to such party.

10.5 If this Agreement is validly terminated pursuant to any provision of this Agreement, the parties shall return all materials and copies of all materials delivered to Storm and ExploreCo or Harvest, as the case may be, or their agents and, except for the rights and obligations set forth in this Section or Sections 8.1(i), 8.1(j), 8.1(r), 8.5, 9.1(f), 9.1(h), 9.2, 12.1 and Article 20 (which shall survive any termination of this Agreement and continue in full force and effect), no party shall have any further obligations to any other party hereunder with respect to this Agreement.

ARTICLE 11
AMENDMENT

11.1 This Agreement may, at any time and from time to time before or after the holding of the Meeting, be amended by written agreement of the parties hereto without further notice to or authorization on the part of their respective shareholders, and any such amendment may, without limitation:

(a) change the time for performance of any of the obligations or acts of the parties hereto;

(b) waive any inaccuracies or modify any representation, term or provision contained herein or in any document delivered pursuant hereto; or

(c) waive compliance with or modify any of the covenants or conditions herein contained and waive or modify performance of any of the obligations of the parties hereto;

provided that any such amendment may not reduce or materially adversely affect the consideration to be received by a Storm Shareholder.

ARTICLE 12
COSTS

12.1 Except as contemplated in the Arrangement and herein, each party hereto covenants and agrees to bear its own costs and expenses in connection with the transactions contemplated hereby. ExploreCo shall only be required to pay the fee for listing of its common shares on a Canadian stock exchange.

ARTICLE 13
DISCLOSURE

13.1 Unless previously issued, upon execution of this Agreement, the parties hereto shall issue a joint press release which announces that the parties hereto have entered into a formal agreement providing for the implementation of the Plan of Arrangement. No party hereto shall disclose, by press release, any aspect of the transactions contemplated hereby, without prior written consent of the other party. Notwithstanding the foregoing, if either party is required by law or administrative regulation to make any disclosure relating to the transactions contemplated herein, such disclosure may be made, but that party will inform, to the extent reasonably feasible, the other party as to the wording of such disclosure prior to its being made.

ARTICLE 14
NOTICES

14.1 Any notice, consent, waiver, direction or other communication required or permitted to be given under this Agreement by a party to any other party shall be in writing and may be given by delivering same or sending same by facsimile transmission or by hand delivery addressed to the party to whom the notice is to be given at its address for service herein. Any notice, consent, waiver, direction or other communication aforesaid shall, if delivered, be deemed to have been given and received on the date on which it was delivered to the address provided herein (if a business day and, if not, the next succeeding business day) and if sent by facsimile transmission be deemed to have been given and received at the time of receipt unless actually received after 4:00 p.m. at the point of delivery in which case it shall be deemed to have been given and received on the next business day.

14.2 The address for service of each of the parties hereto shall be as follows:

if to Harvest and Harvest Operations:

Harvest Energy Trust
Harvest Operations Corp.
1900, 333 - 5th Avenue S.W.
Calgary, Alberta T2P 0L4
Telecopier No.: (403) 265-3490
Attention: Jacob Roorda
President & CEO

with a copy to:

Burnet, Duckworth & Palmer LLP
Suite 1400, 350 - 7th Avenue S.W.
Calgary, AB T2P 3N9
Telecopier No.: (403) 260-0332
Attention: Grant A. Zawalsky

if to Storm or ExploreCo:

Storm Energy Ltd.
3300, 205 – 5th Avenue S.W.
Calgary, Alberta T2P 2V7
Telecopier No.: (403) 266-6209
Attention: Matthew Brister
President & CEO

with a copy to:

McCarthy Tétrault LLP
Suite 3300, 421 - 7th Avenue S.W.
Calgary, AB T2P 4K9
Telecopier No.: (403) 206-5555
Attention: Gregory G. Turnbull

ARTICLE 15
TIME

15.1 Time shall be of the essence in this Agreement.

ARTICLE 16
ENTIRE AGREEMENT

16.1 This Agreement:

(a) from the date hereof constitutes the entire agreement and supersedes all other prior agreements and undertakings, both written and oral, among the parties with respect to the subject matter hereof; and

(b) is not intended to confer upon any other person any rights or remedies hereunder.

ARTICLE 17
SEVERABILITY

17.1 If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:

(a) the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and

(b) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Agreement in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Agreement in any other jurisdiction.

ARTICLE 18
FURTHER ASSURANCES

18.1 Each party hereto shall, from time to time, and at all times hereafter, at the request of the other party hereto, but without further consideration, do all such further acts and execute and deliver all such further documents and instruments as shall be reasonably required in order to fully perform and carry out the terms and intent hereof.

18.2 The parties agree to proceed and cooperate in good faith to negotiate, prepare and execute a definitive Joint Venture Agreements containing representations, warranties, terms and conditions customary for a transaction of the nature contemplated in Exhibit 2 to this Agreement.

18.3 The parties agree to proceed and co-operate in good faith to negotiate, prepare and execute a definitive Conveyance Agreement containing representations, warranties, terms and conditions customary for such transaction of the nature contemplated in Exhibit 3 to this Agreement.

ARTICLE 19
GOVERNING LAW

19.1 This Agreement shall be governed by, and be construed in accordance with, the laws of the Province of Alberta and applicable laws of Canada but the reference to such laws shall not, by conflict of laws rules or otherwise, require the application of the law of any jurisdiction other than the Province of Alberta.

19.2 Each party hereto hereby irrevocably attorns to the jurisdiction of the Courts of the Province of Alberta in respect of all matters arising under or in relation to this Agreement.

ARTICLE 20
THIRD PARTY BENEFICIARIES

20.1 The provisions of Sections 9.1(e) and 9.1(f) hereof are intended for the benefit of the present and former directors and officers of Storm, as and to the extent applicable in accordance with their terms, and shall be enforceable by each of such persons and his or her heirs, executors, administrators and other legal representatives (collectively the "Third Party Beneficiaries") and Storm and any successor to Storm shall hold the rights and benefits of this Article 20 in trust for and on behalf of the Third Party Beneficiaries and Storm hereby accepts such trust and agrees to hold the benefit of and enforce performance of such covenants on behalf of the Third Party Beneficiaries, and such are in addition to, and not in substitution for, any other rights that any Third Party Beneficiary may have by contract or otherwise.

ARTICLE 21
NAME CHANGE

21.1 Harvest agrees that if the Arrangement becomes effective it will (a) cause Storm to change its name within 6 months of the Effective Time; (b) not use the name "Storm" as a corporate name, trade name, trademark or in any other context; (c) will execute any consent reasonably requested by ExploreCo with respect to the use of the name "Storm" by ExploreCo; and (d) will at the request and expense of ExploreCo, convey all right, title and interest in such name to ExploreCo or its nominee.

ARTICLE 22
EXECUTION IN COUNTERPARTS

22.1 This Agreement may be executed in identical counterparts, each of which is and is hereby conclusively deemed to be an original and counterparts collectively are to be conclusively deemed one instrument.

ARTICLE 23
WAIVER

23.1 No waiver by any party hereto shall be effective unless in writing and any waiver shall affect only the matter, and the occurrence thereof, specifically identified and shall not extend to any other matter or occurrence.

ARTICLE 24
ENUREMENT AND ASSIGNMENT

24.1 This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. This Agreement may not be assigned by any party hereto without the prior consent of the other party hereto except that Harvest may assign all or a portion of its rights under this Agreement to any subsidiary of Harvest, but no assignment shall relieve Harvest of its obligations hereunder.

ARTICLE 25
LIABILITY OF THE TRUSTEE

25.1 The parties hereto acknowledge that Valiant Trust Company (the "Trustee") is entering into this agreement solely in its capacity as Trustee on behalf of Harvest and the obligations of Harvest hereunder shall not be personally binding upon the Trustee or any holder of Harvest Trust Units and that any recourse against Harvest or any holder of Harvest Trust Units in any manner in respect of any indebtedness, obligation or liability of Harvest arising hereunder or arising in connection herewith or from the matters to which this agreement relates, if any, including without limitation claims based on negligence or otherwise tortuous behaviour, shall be limited to, and satisfied only out of, the Trust Fund as defined in the Amended and Restated Trust Indenture dated as of September 27, 2002 as amended from time to time.

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

HARVEST ENERGY TRUST, by its attorney **Harvest Operations Inc.**

Per: ______________________________

Per: ______________________________

HARVEST OPERATIONS INC.

Per: ______________________________

Per: ______________________________

STORM ENERGY LTD.

Per: ______________________________

Per: ______________________________

STORM EXPLORATION LTD.

Per: ______________________________

Per: B. Lavergne

EXHIBIT I

PLAN OF ARRANGEMENT TERM SHEET

This Exhibit I will be replaced by the Plan of Arrangement on or before April 30, 2004. All capitalized terms used herein are as defined in the body of this Agreement. In the event of a conflict between this Exhibit and the body of the Agreement or in the other Exhibits, the body of the Agreement and the other Exhibits shall override.

Parties: Harvest Energy Trust ("Harvest"), Storm Energy Ltd. ("Storm") and ExploreCo (a corporation to be incorporated by Storm to hold certain properties and related assets)

Terms: Pursuant to a Plan of Arrangement:

- the management of Storm will form a new corporation ("ExploreCo") and Storm will transfer to ExploreCo the properties set forth in Exhibit III, the shares of Storm Ventures International ("SVI") and related assets to ExploreCo and ExploreCo will assume the obligations of Storm under its agreement with Guard Resources;

- Storm will become a wholly-owned subsidiary of Harvest or an entity controlled by Harvest;

- Storm shareholders will receive: (a) at their election: (i) $4.15 (Canadian) in cash; or (ii) 0.281 of a trust unit of Harvest ("Trust Units"); (iii) 0.281 of an exchangeable share of a subsidiary of Harvest ("Exchangeable Shares"); or (iv) a combination thereof for each common share of Storm ("Storm Shares") provided that the aggregate amount of cash which will be paid to all of the holders of Storm Shares will be subject to a maximum of $75 million, the aggregate number of Trust Units and Exchangeable Shares will be subject to a maximum of 8,000,000 and the aggregate number of Exchangeable Shares which will be paid to the holders of Storm Shares will be subject to a maximum of 2 million Exchangeable Shares; (b) approximately 0.053 common shares of Rock Energy Inc. ("Rock Shares") for each Storm Share; and (c) one common share of ExploreCo;

- all outstanding stock options will be purchased for cash by Storm, not to exceed $3.0 million, and a value right issued by ExploreCo.

- Harvest and ExploreCo will enter into a mutually acceptable Area of Mutual Interest and exploration and development arrangement in the Red Earth area ("Red Earth AMI") as described in Exhibit I.

- Harvest and ExploreCo will enter into a mutually acceptable Area of Mutual Interest and exploration and development arrangement in the Parkland B.C. area (“Parkland AMI”) as described in Exhibit I.

- Storm Ventures International and any obligations therein will be transferred into ExploreCo.

- ExploreCo will provide Harvest with a mutually acceptable ROFR on lands held by ExploreCo located in the Red Earth area as set out in Exhibit II.

- Storm will perform operations in a good and workmanlike manner on all assets currently held by Storm up to such time as Harvest is able to begin operating the assets and Storm will promptly notify Harvest in advance of all activities and expenditures executed on the assets that are material in nature. Storm will ensure that all drilling operations and other capital expenditures that were planned to be incurred prior to closing on lands proposed to be retained by Storm will be carried out in accordance with normal industry practice and any expenditures incurred from the date of this agreement to closing will be approved by Harvest; and

- Harvest and ExploreCo will enter into a mutually acceptable agreement, which will ensure that ExploreCo will use best efforts to provide Harvest with access to all seismic data associated with the Storm assets as set out in Exhibit IV.

- Prior to Closing, Storm will propose to Harvest an exploratory program to be completed on the Exploration Assets, which will be completed prior to January 1, 2005, in the amount of up to $4.0 million. A farm out agreement will be entered into between ExploreCo and Harvest Operations to facilitate the exploratory program described above. Harvest will have the right, pursuant to the farm out agreement, to put the wells drilled pursuant to the exploratory program back to ExploreCo at Harvest Operations' cost, or exchange those well interests for an interest in properties subject to the Parkland Joint Venture Agreement with a similar engineering value.

EXHIBIT II
PARKLAND JOINT VENTURE AGREEMENT
HARVEST ENERGY TRUST – STORM EXPLORATION LTD.

SUMMARY – JOINT OPERATING AGREEMENT

- EFFECTIVE DATE JUNE 1st , 2004
- PARKLAND AREA, BRITISH COLUMBIA (TWP 80-82 RGE 15-18 W6M)"
- AMI working interest shall be Storm Energy 25% and ExploreCo 75%
- 1990 CAPL OPERATING PROCEDURE GOVERNS JOINT LANDS
    1. Standard Operating Procedure terms
    2. Attached Election Sheet
    3. PASC 1988
- AREA OF MUTUAL INTEREST FOR PARKLAND one mile around all existing lands and as outlined in red in the attached Schedule "A"
    1. 75/25 acquiring Natural Gas interests in all Crown Sales, Freehold, First Nation & Federal Lands within AMI and Development Area (reciprocal).
    2. 5% rule on Landsale bids
    3. 50% rule on AMI Lands
    4. Expires 3 years from June 1, 2004 effective date.
- OPERATOR – Storm Exploration Ltd. "ExploreCo."

SCHEDULE "A"

Attached to and forming part of a Joint Venture Agreement dated the 1st day of June, 2004 BETWEEN Harvest Energy Trust and ExploreCo

1990 CAPL Operating Procedure

Clause 311	Alternate B
Clause 604	Alternate A
Clause 903	Alternate A (Casing Pt. Election)
Clause 1007 Penalty	300 % development well, 500% exploration well
Clause 1010 (a)(iv)	180 days (Title Preserving Well)

Clause 2401	Alternate B (Disposition of Interest) (*5 year Expiry from Effective date of Agreement)
Clause 2404	(replaced with 1993 CAPL Assignment Procedure)

1988 PASC Accounting Procedure

Clause 105(a)	**10%**
Clause 110	**2** or more parties totalling **85%** or more
Clause 202(b)(1)&(2)	**shall** be chargeable
Clause 203(b)	...not to exceed **25%** or more...
Clause 217(a)(1)	**2.5%** of the cost of tubular goods...in excess of **$5,000** delivered...**5%** of the cost...
Clause 217(a)(2)	**5%** of the cost

Clause 302:

(a) For each Exploration Project: **flat 5% OR**

(1) **5%** of the first **$50,000.00** of Cost plus

(2) **3%** of the next **$100,000.00** of Cost plus

(3) **1%** of Cost exceeding the sum of (1) and (2)

(b) For each Drilling Well:

(1) **3%** of the first **$50,000.00** of Cost plus

(2) **2%** of the next **$100,000.00** of Cost plus

(3) **1%** of Cost exceeding the sum of (1) and (2)

(c) For each Construction Project:

(1) **5%** of the first **$50,000.00** of Cost plus

(2) **3%** of the next **$100,000.00** of Cost plus

(3) **1%** of Cost exceeding the sum of (1) and (2)

(d) For Operation and Maintenance:

(1) **10%**, and

(2) **$250** per well/month

Article IV	**$25,000.00**
Article V	Delete

EXHIBIT II
RED EARTH JOINT VENTURE AGREEMENT
HARVEST ENERGY TRUST – STORM EXPLORATION LTD.

SUMMARY – JOINT OPERATING AGREEMENT

- EFFECTIVE DATE JUNE 1st , 2004

- RED EARTH AREA, ALBERTA (TWP 85-87 RGE 8-11 W5M)

- AMI working interest shall be Storm Energy 50% and ExploreCo 50% for gas rights only

- Excludes lands in which Storm or ExploreCo. hold an interest as of June 1, 2004

- 1990 CAPL OPERATING PROCEDURE GOVERNS JOINT LANDS

  1. Standard Operating Procedure terms
  2. Attached Election Sheet
  3. PASC 1988

- AREA OF MUTUAL INTEREST FOR RED EARTH as outlined in red in the attached Schedule "A"

  1. 50/50 acquiring Natural Gas interests in all Crown Sales, Freehold, First Nation & Federal Lands within AMI Area (reciprocal).
  2. 5% rule on Landsale bids
  3. 50% rule on AMI Lands For the sake of clarity, lands that Storm/ExploreCo. currently hold an interest in the AMI are not AMI Lands and as such the calculation will not include these lands.
  4. Expire's 3 years from June 1, 2004 effective date.
  5. Where the lands posted or so acquired contain both Petroleum and Natural Gas 50% of the bid shall be allocated to Petroleum and Associated Gas and 50% of the bid shall be allocated to Natural Gas.

- OPERATOR – Storm Exploration Ltd. "ExploreCo."

SCHEDULE "A"

Attached to and forming part of a Joint Operating Agreement dated the 1st day of June, 2004 BETWEEN Harvest Energy Trust and ExploreCo

1990 CAPL Operating Procedure

Clause 311	Alternate B
Clause 604	Alternate A
Clause 903	Alternate A (Casing Pt. Election)
Clause 1007 Penalty	300 % development well, 500% exploration well
Clause 1010 (a)(iv)	180 days (Title Preserving Well)
Clause 2401	Alternate B (Disposition of Interest) (*5 year Expiry from Effective date of Agreement)
Clause 2404	(replaced with 1993 CAPL Assignment Procedure)

1988 PASC Accounting Procedure

Clause 105(a)	**10%**
Clause 110	**2** or more parties totalling **85%** or more
Clause 202(b)(1)&(2)	**shall** be chargeable
Clause 203(b)	...not to exceed **25%** or more...
Clause 217(a)(1)	**2.5%** of the cost of tubular goods...in excess of **$5,000** delivered...**5%** of the cost...
Clause 217(a)(2)	**5%** of the cost

Clause 302:

(a) For each Exploration Project: **flat 5% OR**

(1) **5%** of the first **$50,000.00** of Cost plus

(2) **3%** of the next **$100,000.00** of Cost plus

(3) **1%** of Cost exceeding the sum of (1) and (2)

(b) For each Drilling Well:

(1) **3%** of the first **$50,000.00** of Cost plus

(2) **2%** of the next **$100,000.00** of Cost plus

(3) **1%** of Cost exceeding the sum of (1) and (2)

(c) For each Construction Project:

(1) **5%** of the first **$50,000.00** of Cost plus

(2) **3%** of the next **$100,000.00** of Cost plus

(3) **1%** of Cost exceeding the sum of (1) and (2)

(d) For Operation and Maintenance:

(1) **10%**, and

(2) **$250** per well/month

Article IV	**$25,000.00**
Article V	Delete

Right of First Refusal Provision

Explore Co. hereby grants Winter Co. a right of first refusal (the "ROFR") to acquire any interest that it may sell within the AMI area on the following basis:

(a) if Explore Co. wishes to make a disposition of any interest in the AMI area, then it shall, by notice, advise Winter Co. of its intention to make the disposition, including in such notice a description of the working interest proposed to be disposed, the identity of the proposed assignee, the price or other consideration for which Explore Co. is prepared to make such disposition, the proposed effective date and closing date of the transaction and any other information respecting the transaction which Explore Co. reasonably believes would be material to the exercise of Winter Co.'s rights hereunder (such notice being a "the disposition notice").

(b) In the event the consideration described in the disposition notice cannot be matched in kind and the disposition notice does not include Explore Co.'s bona fide estimate of the value, in cash, of such consideration, Winter Co. may, within seven (7) days of the receipt by Winter Co. of the disposition notice, request Explore Co. to provide such estimate to Winter Co., whereupon Explore Co. shall provide such estimate in a timely manner and the election period provided herein to Winter Co. shall be suspended until such estimate is received by Winter Co.

(c) In the event of a dispute as to the reasonableness of an estimate of the cash value of the consideration described in the disposition notice or provided pursuant to Subclause (b), as the case may be, the matter shall be referred to arbitration under the provisions of the Arbitration Act or Ordinance of the province, state or territory where the joint lands are situated within seven (7) days of the receipt of such estimate. The disposing party and the applicable Winter Co. shall thereupon diligently complete such arbitration within 15 days. The equivalent cash consideration determined in such arbitration shall thereupon be deemed to be the sale price for the working interest described in the disposition notice.

(d) Within the later of: (i) 15 days from the receipt of the disposition notice, as modified by any suspension pursuant to Subclause (b) of this Alternate B; or (ii) if applicable, 15 days from receipt of notice of the arbitrated value determined pursuant to the preceding Subclause, Winter Co. may give notice to Explore Co. that it elects to purchase the working interest described in the disposition notice for the applicable price (in this Article called a "notice of acceptance"). A notice of acceptance shall create a binding contractual obligation upon Explore Co. to sell, and upon Winter Co. giving a notice of acceptance to purchase, for the applicable price, all of the working interest included in such disposition notice on the terms and conditions set forth in the disposition notice.

(e) If the working interest described in the disposition notice is not disposed of to Winter Co. pursuant to Subclause (d), Explore Co. may, dispose of such working interest at any time within one hundred and fifty (150) days from the issuance of such disposition notice, provided that such disposition is not on terms that are more favourable to such purchaser than those offered in the disposition notice or if the price is less than 95% of the price set forth in the disposition notice.

(f) Following one hundred and fifty (150) days following the issuance of a disposition notice from which a disposition did not result the provisions of this Schedule shall once again apply to the working interest described in the disposition notice.

(g) The ROFR shall not apply in the following instances, namely:

(i) an assignment made by way of security for Explore Co.'s present or future indebtedness, or liabilities (whether contingent, direct or indirect and whether financial or otherwise), the issuance of the bonds or debentures of a corporation, or the performance of the obligations of the assignor as a guarantor under a guarantee;

(ii) a disposition to an affiliate of Explore Co., or in consequence of a merger or amalgamation of Explore Co. with another corporation or pursuant to an assignment, sale or disposition made by a party of its entire working interest to a corporation in return for shares in that corporation or to a registered partnership in return for an interest in that partnership;

(iii) a disposition made by Explore Co. of all, or substantially all, or of an undivided interest in all or substantially all, of its petroleum and natural gas rights in the province, state or territory where the AMI area is situated, and for the purposes of this Subclause, "substantially all" means a percentage of ninety percent (90%) or more of the net hectares held by Explore Co. in that province, state or territory;

(iv) a disposition by Explore Co. in which the net hectares being disposed of by that it in the AMI area represent less than five percent (5%) of the total net hectares being disposed of by Explore Co. pursuant to that disposition.

However, if Explore Co. makes such a disposition pursuant to Subclause (ii), (iii) or (iv) shall advise Winter Co. of such disposition in a timely manner.

(h) Following a disposition of an interest in the AMI area as provided in this Schedule (other than in Subclause (h)) the ROFR will not apply to any subsequent disposition of such interest.

(i) The ROFR shall expire on the four anniversary of Closing.

EXHIBIT III

EXPLORATION ASSETS

1) ExploreCo Producing Properties

Parkland	75% of SEM's interest
Montney	100%
Thetlaandoa	100%
Cabin	100%
Kotcho	100%
Brazeau	100%

All wellbores, surface and downhole equipment and inventory on leases associated with the ExploreCo producing properties.

2) Cash Balance — Minimum of $1.450 million

3) Lands

Red Earth Area: As defined on the attached map, and confirmed on the attached schedules

Raw Lands: For all areas outside of Red Earth, Meekwap, Berrymoor, Alexander, Dawson (Seal) and Parkland (as to 25%, the Parkland AMI and the Altia farmout) as defined on the attached plats and confirmed on the attached schedules, ExploreCo owns all other undeveloped lands and wells.

4) Storm Ventures International Inc. (Shares and Interests)
   - Any and all assets, liabilities and obligations related to Storm Ventures International
   - Obligation to fund, currently in Storm
   - Sud Remada Prospection Permit rights and obligations, currently in the process of being transferred from Storm to SVI.

5) Seismic — Copies of and access to all seismic data as provided in the seismic agreement outlined herein as Exhibit IV.

6) Facilities (see attached schedule)
   Facilities going to ExploreCo:

   1. Louise b-70-L/94-P-3 Gas Dehy, 90% WI
   2. Parkland 10-19-81-17W6 Sweet Gas Dehy/Compressor, 75% WI
   3. Petitot 13-8-121-11W6 Gas Dehy, 50% WI (FETis operator and owner of the other 50%).
   4. Petitot 14-6-121-11W6 Injection Plant, 50% WI (FET is operator and owner of the other 50%).
   5. Kotcho wellsite facilities associated with b-15-C/94-P-3
   6. Cabin wellsite facilities associated with c-74-F/94-P-5

7. Non-op Thetlaandoa and Montney wellsite facilities.

7) Office furniture to equip 12 offices (desk, credenza, file cabinets, computers, drafting table, chairs), two printers, one server, one fax machine, one office workstation, the Blue Castle workstation, one small meeting room table and chairs, prepaid software licenses where permissible under contract and where not required by Harvest.

8) All reference data, technical data and interpretations related to the ExploreCo assets

9) ExploreCo will assume responsibility for 2 of 4 remaining Mahgwa commitment wells

10) Any identified and agreed on expenditures by ExploreCo on ExploreCo assets during the interim period until Closing will be funded by a reduction in cash balance at Closing

11) Guard joint venture agreement, if it survives Closing

EXHIBIT IV

SEISMIC ACCESS AGREEMENT

At closing ExploreCo. shall retain a perpetual, non-exclusive, non-transferable and royalty free licence to view and re-process all of the 100% proprietary Seismic Data pertaining to the Assets upon the Closing Date and to use same for its own purposes, it shall be entitled to retain a copy of all such Seismic Data for such purposes. ExploreCo. acknowledges that, other than the specific rights granted in this Section, the ExploreCo. shall have no interest in or title to such Seismic Data. ExploreCo. shall not be entitled to disclose the Seismic Data to a third party without Storm's prior consent. Storm shall have no liability to the ExploreCo. for the quality, accuracy or completeness of such Seismic Data and makes no representation or warranty in this regard. In the case of any disposal of such Seismic Data by Storm, Storm shall ensure that the purchaser thereof acknowledges and is subject to the rights of the ExploreCo. in respect to such Seismic Data under this provision.

At closing Storm shall convey a copy of all of its trade and proprietary Seismic Data, but only to the extent that Storm is entitled to make such conveyance at not cost to Storm (excluding copying charges) and under applicable law and its seismic acquisition or licence agreements. To the extent that Storm is not able to convey such trade Seismic Data to ExploreCo. at Closing, then ExploreCo. shall have "view only" rights (but no copy rights) in respect to such Seismic Data, which rights may only be exercised at Storm's offices or a 3rd party location during normal business hours.

This provision shall survive Closing

"Seismic Data" includes surveyors' ground elevation records, shot point maps, drillers' logs, shooters' records, seismograph records, seismograph magnetic tapes, monitor records, field records and record sections and maps and interpretations (that exist as of the Closing) made therefrom;