

## **HARVEST ENERGY TRUST AND VIKING ENERGY ROYALTY TRUST ANNOUNCE SUCCESSFUL COMPLETION OF PLAN OF ARRANGEMENT**

February 3, 2006 - Harvest Energy Trust ("Harvest" or the "Trust") (TSX:HTE.UN; NYSE: HTE) and Viking Energy Royalty Trust ("Viking") (TSX: VKR.UN) are pleased to announce the successful completion of our joint Plan of Arrangement (the "Arrangement") which was approved by 98% of the votes cast at the Harvest securityholder meeting, 95% of the votes cast at the Viking unitholder meeting, and approved by the Court of Queen's Bench of Alberta yesterday.

Following completion of the Arrangement, Harvest has approximately 100 million trust units issued and outstanding. Harvest trust units will continue to trade on the Toronto Stock Exchange (TSX) under the symbol HTE.UN and on the New York Stock Exchange under the symbol HTE. Harvest has assumed Viking's 10.5% and 6.40% unsecured subordinated convertible debentures, which will begin trading on the TSX under the symbols HTE.DB.C and HTE.DB.D. The conversion price of the debentures into Harvest trust units will be adjusted to \$29.00 for the 10.5% series and \$46.00 for the 6.40% series, pursuant to the four to one exchange ratio under the Arrangement.

Commencing with the February distribution payable on March 15, 2006, monthly distributions per trust unit will increase 8% from C\$0.35 to C\$0.38. This new distribution level represents a payout ratio of less than 70%<sup>1</sup>, which is comfortably within our targeted payout range of 55-80%.

Harvest is also pleased to announce that it has secured a new C\$750 million, three year extendible revolving credit facility from a syndicate of Canadian banks. With the consent of the lenders, this facility may be extended on an annual basis for an additional 364 days and may also be increased to \$900 million during secondary syndication. Harvest has currently drawn C\$150 million under this credit facility, leaving approximately \$600 million of undrawn capacity. The borrowing costs of this facility, which will fluctuate with Harvest's cash flow and debt levels, are much improved compared to Harvest's previous facility. This expanded facility provides Harvest with greater financial flexibility and further strengthens our ability to pursue value-added acquisition and property optimization opportunities.

This Arrangement has united two technically focused organizations to create a larger and stronger energy trust, which will continue under the Harvest name. With a balanced asset base, superior operational expertise, extensive development opportunities and a significant undrawn bank line, Harvest is well positioned to continue generating positive returns for our unitholders. Harvest has a significant inventory of development projects, including over 700 net wells, on more than 700,000 net acres of undeveloped land.

With current productive capacity of approximately 64,000 barrels of oil equivalent per day (BOE/d), Harvest is one of Canada's largest conventional oil and natural gas trusts. We are actively managed and strive to maintain or increase cash flow per unit through

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<sup>1</sup> Assuming current WTI oil prices.

our strategy of acquiring, enhancing, and producing from crude oil and natural gas properties. Distributions to unitholders are based on funds flow from operations, which are generated by the production and enhancement of properties within our five key areas across Western Canada. Harvest trust units trade on the Toronto Stock Exchange ("TSX") under the symbol "HTE.UN" and on the New York Stock Exchange ("NYSE") under the symbol "HTE". Please visit our website for further information and a recent corporate presentation.

#### **ADVISORY**

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

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

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

This press release contains the term Funds Flow From Operations which as presented does not have any standardized meaning as prescribed by Canadian generally accepted accounting principles ("GAAP") and therefore it may not be comparable with the calculation of similar measures for other entities. Funds Flow From Operations as presented is not intended to represent operating profits nor should it be viewed as an alternative to cash flow from operating activities, net income or other measures of financial performance calculated in accordance with GAAP. Funds Flow From Operations is used by the management of both Harvest and Viking to analyze operating performance, leverage and liquidity. All references to Funds Flow From Operations in this press release are based on funds flow from operating activities before asset retirement expenditures and changes in non-cash working capital.

#### **Investor & Media Contacts:**

<b>John Zahary</b> President & CEO	<b>Bob Fotheringham</b> Vice President, Finance & CFO
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# Harvest Energy Trust

**NOTICE OF SPECIAL MEETING OF HARVEST SECURITYHOLDERS**

**to be held February 2, 2006**

**and**



**NOTICE OF SPECIAL MEETING OF VIKING UNITHOLDERS**

**to be held February 2, 2006**

**and**

**NOTICE OF JOINT PETITION TO THE COURT OF QUEEN'S  
BENCH OF ALBERTA**

**and**

**JOINT INFORMATION CIRCULAR and PROXY STATEMENT**

**with respect to a**

**PLAN OF ARRANGEMENT**

**involving**

**HARVEST ENERGY TRUST, HARVEST OPERATIONS CORP.,  
VIKING ENERGY ROYALTY TRUST, VIKING HOLDINGS INC.,  
HARVEST SECURITYHOLDERS AND VIKING UNITHOLDERS**

**December 30, 2005**

**\*FOR ASSISTANCE, SEE BACK COVER\***

## GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Information Circular, including the Summary hereof.

"000s" means thousands;

"1933 Act" means the *United States Securities Act of 1933*, as amended;

"1934 Act" means the *United States Securities Exchange Act of 1934*, as amended;

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

"**Acquisition Proposal**" means, with respect to Harvest or Viking, any inquiry or the making of any proposal to such party or its Unitholders from any Person which constitutes, or may reasonably be expected to lead to (in either case whether in one transaction or a series of transactions): (i) an acquisition from such party or its Unitholders of any securities of such party (other than on exercise of currently outstanding Harvest Rights or Viking Rights, as applicable) or its Subsidiaries; (ii) any acquisition of a substantial amount of assets of such party or its Subsidiaries; (iii) an amalgamation, arrangement, merger, or consolidation involving such party or its Subsidiaries; or (iv) any take-over bid, issuer bid, exchange offer, recapitalization, liquidation, dissolution, reorganization into a royalty trust or income fund or similar transaction involving such party 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 transactions contemplated by the Arrangement Agreement or the Arrangement or which would or could reasonably be expected to materially reduce the benefits to the other party under the Arrangement Agreement or the Arrangement;

"**Applicable Canadian Securities Laws**" means, collectively, and as the context may require, the securities legislation of each of the provinces and territories of Canada, and the rules, regulations and policies published and/or promulgated thereunder, as such may be amended from time to time prior to the Effective Date;

"**Applicable Laws**", in the context that refers to one or more Persons, means that the Laws that apply to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities;

"**Arrangement Agreement**" means the arrangement agreement dated effective December 23, 2005 among Harvest, HOC, Viking and VHI, and any amendments thereto;

"**Arrangement Resolution**" means the Harvest Arrangement Resolution or the Viking Arrangement Resolution, as applicable;

"**Arrangement**" means the proposed arrangement involving the Harvest Securityholders, the Viking Unitholders, the Harvest Arrangement Parties, the Viking Arrangement Parties and MFCorp, under the provisions of Section 193 of the ABCA, on the terms and conditions set forth in the Plan;

"**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 issued giving effect to the Arrangement;

"**Board**" or "**Board of Directors**" means the board of directors of HOC or VHI, as applicable;

"**BRP**" means Breeze Resources Partnership, a general partnership formed under the laws of Alberta;

"**Bjorn**" means Bjorn Holdings Inc., a corporation incorporated under the laws of Alberta;

"**Business Day**" means a day other than a Saturday, Sunday or a day when banks in the City of Calgary, Alberta are not generally open for business;

"**Canadian GAAP**" means Canadian generally accepted accounting principles as in effect from time to time;

"**Capital Fund**" has the meaning ascribed thereto in the Harvest NPI Agreements;

"**CDE**" means Cumulative Canadian development expense as defined in the Tax Act;

"**CEE**" means Cumulative Canadian exploration expense as defined in the Tax Act;

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

"**Closing Time**" shall be 8:00 a.m. (Calgary time) on the later of February 3, 2006 and the Business Day immediately following the date the Final Order is granted, unless otherwise agreed by Harvest and Viking;

"**Closing**" means the completion of the transactions contemplated in the Arrangement Agreement;

"**CNGT**" means Calpine Natural Gas Trust, a trust organized under the laws of Alberta;

"**CNGT Acquisition**" means the acquisition of CNGT by Viking as described in this Information Circular under the heading "*Information Concerning Viking Energy Royalty Trust – Recent Developments – Business Acquisitions – Calpine Natural Gas Trust*";

"**CNGT Report**" means the reserve report prepared by GLJ dated February 23, 2005 and effective as at December 31, 2004, evaluating the crude oil, natural gas liquids and natural gas reserves and future net production revenues attributable to the properties of Calpine Natural Gas Trust as of December 31, 2004;

"**COGPE**" means Cumulative Canadian oil and gas property expense as defined in the Tax Act;

"**Competition Act**" means the *Competition Act*, R.S.C. 1985, c. C-34, as amended;

"**Confidentiality Agreement**" means the confidentiality agreement dated November 17, 2005 between Viking and Harvest;

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

"**CRA**" means the Canada Revenue Agency;

"**Designated Beneficiary**" means a designated beneficiary as defined in the Tax Act;

"**Depository**" means Valiant Trust Company at its offices referred to in the Letter of Transmittal;

"**Dissent Rights**" means the right of a registered Securityholder to dissent to the applicable Arrangement Resolution and to be paid the fair value of the securities in respect of which the holder dissents, all in accordance with Section 191 of the ABCA and the Interim Order;

"**Dissenting Harvest Exchangeable Shareholders**" means registered Harvest Exchangeable Shareholders who validly exercise Dissent Rights;

"**Dissenting Harvest Securityholders**" means Dissenting Harvest Unitholders and Dissenting Harvest Exchangeable Shareholders, collectively;

"**Dissenting Harvest Unitholders**" means registered Harvest Unitholders who validly exercise Dissent Rights;

**"Dissenting Securityholders"** means Dissenting Harvest Securityholders and Dissenting Viking Unitholders, collectively;

**"Dissenting Viking Unitholders"** means registered Viking Unitholders who validly exercise Dissent Rights;

**"Distributable Cash"** means all amounts available for distribution during any applicable period to holders of Harvest Units;

**"Distribution Payment Date"** means any date that Distributable Cash is distributed to Harvest Unitholders, generally being the 15<sup>th</sup> day of the calendar month following any Distribution Record Date (or if such day is not a Business Day, on the next Business Day thereafter);

**"Distribution Record Date"** means the last day of each calendar month or such other date as may be determined from time to time by the Harvest Board of Directors, except that December 31 shall in all cases be a Distribution Record Date;

**"Distribution"** means a distribution paid by Harvest in respect of the Harvest Units, whether of cash, Harvest Units or other securities or other property, expressed as an amount per Harvest Unit;

**"Effective Date"** means the date the Arrangement is effective under the ABCA;

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

**"EHT" or "ERIK"** means the Erik Holdings Trust, a trust created under the laws of the Province of Alberta and a wholly-owned Subsidiary of Viking;

**"EHT Assumed Liabilities"** means all of the liabilities and obligations of EHT, whether or not reflected on the books of EHT;

**"EHT CRP Transfer Note"** means a note in an amount equal to the total of the COGPE, CDE and CEE balances of EHT immediately prior to the EHT First Resource Property Conveyance;

**"EHT First Resource Properties"** means the oil and natural gas assets (excluding EHT Tangible Assets) of EHT having a fair market value equal to the EHT CRP Transfer Note plus \$1.00;

**"EHT First Resource Property Conveyance"** means the conveyance of the EHT First Resource Properties to VHI in exchange for the EHT CRP Transfer Note and VHI Preferred Shares Series 1 for the balance of the consideration pursuant to the EHT First Resource Property Conveyance Agreement;

**"EHT First Resource Property Conveyance Agreement"** means the conveyance agreement between EHT and VHI to be dated the Effective Date effecting the EHT First Resource Property Conveyance;

**"EHT Note"** means the promissory note in the principal amount of \$71 million issued by EHT to VHT;

**"EHT NPI #1"** means the 99% net profit interest in the EHT First Resources Properties granted by VHI to EHT;

**"EHT NPI #2"** means the 99% net profit interest in the EHT Second Resources Properties granted by VHI to EHT;

**"EHT Other Assets"** means the assets of EHT other than the EHT First Resource Assets, the EHT Second Resource Assets and the EHT Tangible Assets;

**"EHT Other Asset Conveyance"** means the conveyance of the EHT Other Assets to Viking, and the assumption of the EHT Assumed Liabilities by Viking, in exchange for that number of Viking Units having a value equal to the fair market value of the EHT Other Assets less the EHT Assumed Liabilities pursuant to the EHT Other Asset Conveyance Agreement;

**"EHT Other Asset Conveyance Agreement"** means the conveyance agreement between EHT and Viking to be dated the Effective Date effecting the EHT Other Asset Conveyance;

**"EHT Preferred Units"** means the preferred units of EHT;

**"EHT Second Resource Properties"** means all of the oil and natural gas assets (excluding EHT First Resources Properties and EHT Tangible Assets) of EHT;

**"EHT Second Resource Property Conveyance"** means the conveyance of the EHT Second Resource Properties to VHI in exchange for the EHT NPI #2 and VHI Preferred Shares Series 2 pursuant to the EHT Second Resource Property Conveyance Agreement;

**"EHT Second Resource Property Conveyance Agreement"** means the conveyance agreement between EHT and VHI to be dated the Effective Date effecting the EHT Second Resource Property Conveyance;

**"EHT Tangible Assets"** means the tangible assets of EHT;

**"EHT Tangible Conveyance"** means the conveyance of the EHT Tangible Assets to VHI in exchange for the EHT Tangible Transfer Note and VHI Preferred Shares Series 3 pursuant to the EHT Tangible Conveyance Agreement;

**"EHT Tangible Conveyance Agreement"** means the conveyance agreement between EHT and VHI to be dated the Effective Date effecting the EHT Tangible Conveyance;

**"EHT Tangible Transfer Note"** means a note in an amount equal to the UCC balance of EHT immediately prior to the EHT Tangible Conveyance;

**"EHT Trust Indenture"** means the Trust Indenture dated as of October 6, 2003 as amended and restated as of September 2, 2004 and May 1, 2005 between Bjorn, in its capacity as trustee of EHT and Viking, as the sole holder of EHT Units, as may be amended, supplemented or restated from time to time;

**"EHT Units"** means the trust units of EHT;

**"Eligible Institution"** means a Canadian schedule 1 chartered bank, a major trust company in Canada, a member of the Securities Transfer Agent Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP) (members of these programs are usually members of a recognized stock exchange in Canada, members of the National Investment Dealers Association of Canada, members of the National Association of Securities Dealers or banks and trust companies in the United States);

**"EnCana Properties"** means the properties acquired by Harvest from EnCana Corporation in September 2004;

**"Environmental Laws"** means, with respect to any Person or its business, activities, property, assets or undertaking, all federal, municipal or local laws of any Governmental Entity or of any court, tribunal or other similar body, relating to environmental or health matters in the jurisdictions applicable to such Person or its business, activities, property, assets or undertaking, including legislation governing the use and storage of Hazardous Substances;

**"Exchangeable Share Election"** means the election provided for in the Letter of Transmittal sent to Harvest Exchangeable Shareholders pursuant to which a Harvest Exchangeable Shareholder may elect to receive Harvest Units in exchange for its Harvest Exchangeable Shares pursuant to the Arrangement;

**"Fairness Opinions"** means, collectively, the Harvest Fairness Opinion and the Viking Fairness Opinion, copies of which are attached as Appendices E and F to this Information Circular;



**"Final Order"** means the final order of the Court approving the Arrangement to be applied for following the Meetings and to be granted pursuant to the provisions of Subsection 193(9) of the ABCA, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

**"GLJ"** means GLJ Petroleum Consultants Ltd.;

**"Governmental Entity"** means any: (a) multinational, federal, provincial, state, regional, municipal, local or other government or any governmental or public department, court, tribunal, arbitral body, commission, board, bureau or agency; (b) any subdivision, agent, commission, board or authority of any of the foregoing; or (c) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

**"Harvest"** means Harvest Energy Trust, an unincorporated trust formed under the laws of the Province of Alberta;

**"Harvest Administration Agreement"** means the agreement dated September 27, 2002 between Harvest and HOC pursuant to which HOC provides certain administrative and advisory services in connection with Harvest;

**"Harvest AIF"** means the Renewal Annual Information Form of Harvest dated March 30, 2005 incorporated by reference into this Information Circular;

**"Harvest Arrangement Parties"** means Harvest, HST and HOC;

**"Harvest Arrangement Resolution"** means the special resolution in respect of the Arrangement in substantially the form attached as Appendix A to the Information Circular to be voted upon by Harvest Securityholders at the Harvest Meeting;

**"Harvest Awards"** means the outstanding unit awards, whether or not vested, to acquire Harvest Units pursuant to the Harvest Unit Award Incentive Plan;

**"Harvest Board"** or **"Harvest Board of Directors"** means the board of directors of HOC;

**"Harvest Common Shares"** means the common shares of HOC;

**"Harvest Debenture Trustee"** means Valiant Trust Company;

**"Harvest Debentures"** means, collectively, the Harvest 6.5% Debentures, the Harvest 8% Debentures and the Harvest 9% Debentures;

**"Harvest 6.5% Debentures"** means the 6.5% convertible unsecured subordinated debentures of Harvest;

**"Harvest 6.5% Debenture Indenture Supplement"** means the supplement to the Harvest Debenture Indenture dated August 2, 2005 governing the terms of the Harvest 6.5% Debentures;

**"Harvest 8% Debentures"** means the 8% convertible unsecured subordinated debentures of Harvest;

**"Harvest 8% Debenture Indenture Supplement"** means the supplement to the Harvest Debenture Indenture dated July 30, 2004 governing the terms of the Harvest 8% Debentures;

**"Harvest 9% Debentures"** means the 9% convertible unsecured subordinated debentures of Harvest;

**"Harvest Debenture Indenture"** means the indenture dated January 29, 2004 among Harvest, HOC and the Harvest Debenture Trustee governing the terms and conditions of the Harvest 9% Debentures together with all supplemental indentures thereto;

**"Harvest Direct Royalties Sale Agreement"** means any purchase and sale agreement between Harvest and a Harvest Operating Subsidiary providing for the purchase by Harvest from such Harvest Operating Subsidiary of Direct Royalties;

**"Harvest Direct Royalties"** means royalty interests in petroleum and natural gas rights acquired by Harvest from time to time pursuant to a Harvest Direct Royalties Sale Agreement;

**"Harvest Exchangeable Shareholder"** means a holder of Harvest Exchangeable Shares;

**"Harvest Exchangeable Shares"** means the exchangeable shares, Series 1 of HOC;

**"Harvest Fairness Opinion"** means the opinion of National Bank Financial Inc. dated December 21, 2005, a copy of which is attached as Appendix E to this Information Circular;

**"Harvest Incentive Plans"** means the Harvest Trust Unit Rights Incentive Plan and the Harvest Unit Award Incentive Plan;

**"Harvest Meeting"** means the special meeting of Harvest Securityholders to be held on February 2, 2006 and any adjournments thereof to consider and vote on the Harvest Arrangement Resolution and the other matters to be considered at the Harvest Meeting;

**"Harvest Notes"** means, collectively, the promissory notes issuable by HOC in series pursuant to a note indenture to be redeemed in consideration for a portion of the Harvest NPI, having a fair market value equal to such principal amount, and being subject to the following terms and conditions:

- (a) being subject to earlier prepayment, being due and payable on the 15<sup>th</sup> anniversary of the date of issuance; and
- (b) being subject to such other standard terms and conditions as would be included in a note indenture for promissory notes of this kind, as may be approved by the Harvest Board of Directors;
- (c) being subordinate to all senior indebtedness which includes all indebtedness for borrowed money or owing in respect of property purchases on any default in payment of any such senior indebtedness, and to all trade debt of HOC or any subsidiary of HOC or Harvest on any creditor proceedings such as bankruptcy, liquidation or insolvency;
- (d) being unsecured and bearing interest at 6% per annum payable monthly in arrears on the 20<sup>th</sup> day of the next following month;

and includes the 12% unsecured, subordinated promissory notes dated September 2, 2004 issued by each of HBT1 and HBT2 in the principal amounts of \$246,824,811 and \$2,493,180, respectively, the 12% unsecured, subordinated promissory notes dated August 2, 2005 issued by each of HBT1 and HBT2 in the principal amount of \$235,406,286 and \$2,377,841 respectively;

**"Harvest NPI Agreements"** means, collectively, the amended and restated net profit interest agreement effective as of July 10, 2002 between Harvest and HOC, as amended, the royalty agreement dated effective January 17, 2003 between Westcastle Energy Inc. and BNY Trust Company of Canada, the net profit interest agreement effective as of October 17, 2003 between HST and Harvest, as amended, and the amended and restated net profit interest agreement between HBT1 and Harvest effective as of January 1, 2005, as amended, and **"Harvest NPI Agreement"** means any one of these agreements, as applicable;

**"Harvest NPI"** means, collectively, the net profit interests owing by the Harvest Operating Subsidiaries to Harvest pursuant to the Harvest NPI Agreements;

**"Harvest NPI Income"** means revenue received by Harvest from time to time pursuant to the Harvest NPI;

**"Harvest Operating Subsidiaries"** means, collectively, HOC, HST, Redearth Partnership, BRP, HRP, HBT1 and HBT2, each (with the exception of HOC in which Harvest owns all of the issued and outstanding Harvest Common shares and the Redearth Partnership in which HOC has a 60% interest) a direct or indirect wholly-owned subsidiary of Harvest, and **"Harvest Operating Subsidiary"** means any of HOC, HST, Redearth Partnership, BRP, HRP, HBT1 and HBT2, as applicable;

**"Harvest Properties"** means the working, royalty or other interests of the Harvest Operating Subsidiaries in any petroleum and natural gas rights, tangibles and miscellaneous interests, including properties which may be acquired by any of the Harvest Operating Subsidiaries from time to time;

**"Harvest Record Date"** means the close of business on December 30, 2005;

**"Harvest Report"** means the reports prepared by McDaniel, GLJ and PLA dated January 1, 2005 and effective as at December 31, 2004, evaluating the crude oil, natural gas liquids and natural gas reserves of the Harvest Operating Subsidiaries as of December 31, 2004 and the report prepared by Sproule dated and effective as at April 1, 2005 evaluating the crude oil, natural gas liquids and natural gas reserves of the Nexen Properties as of April 1, 2005;

**"Harvest Rights"** means the outstanding incentive rights, whether or not vested, to acquire Harvest Units under the Harvest Trust Unit Rights Incentive Plan;

**"Harvest Securities"** means, collectively, the Harvest Units and the Harvest Exchangeable Shares;

**"Harvest Securityholders"** means, collectively, the Harvest Unitholders and the Harvest Exchangeable Shareholders;

**"Harvest Senior Noteholders"** means, collectively, the holders of Harvest Senior Notes;

**"Harvest Senior Notes"** means the 7% senior notes of HOC due October 15, 2011 unconditionally guaranteed by Harvest;

**"Harvest Special Voting Unit"** means the special voting unit granted to the Harvest Trustee;

**"Harvest Special Units"** means the special trust units of Harvest;

**"Harvest Termination Fee"** means the applicable termination fee payable upon the occurrence of specified events, as described under *"The Arrangement – Arrangement Agreement – Termination Fees – Harvest Termination Fee"*;

**"Harvest Trust Indenture"** means the second amended and restated trust indenture dated May 4, 2005 between the Harvest Trustee and HOC as such indenture may be further amended by supplemental indentures from time to time or as may be amended and restated from time to time;

**"Harvest Trust Unit Rights Incentive Plan"** means the Harvest trust unit rights incentive plan;

**"Harvest Trustee"** means Valiant Trust Company, in its capacity as the trustee under the Harvest Trust Indenture;

**"Harvest Unit Award Incentive Plan"** means the Harvest unit award incentive plan;

**"Harvest Unitholders"** means holders from time to time of the Harvest Units;

**"Harvest Units"** means the trust units of Harvest;

**"Hazardous Substances"** means any pollutant, contaminant, waste of any nature, hazardous substance, hazardous material, toxic substance, dangerous substance or dangerous good as defined, judicially interpreted or identified in any Environmental Laws;

"**HBT1**" means Harvest Breeze Trust No. 1, a trust established pursuant to the laws of Alberta, wholly owned by HST;

"**HBT2**" means Harvest Breeze Trust No. 2, a trust established pursuant to the laws of Alberta, wholly owned by Harvest;

"**Holder**" means a registered holder of Harvest Securities or Viking Units, as the case may be, immediately prior to the Effective Time or any Person who surrenders to the Depositary certificates representing Harvest Securities or Viking Units, as the case may be, duly endorsed for transfer to such Person;

"**HOC**" means Harvest Operations Corp., a corporation amalgamated under the ABCA;

"**HRP**" means Hay River Partnership, a general partnership formed under the laws of Alberta;

"**HST**" means Harvest Sask Energy Trust, a trust established pursuant to the laws of the Province of Alberta, wholly owned by Harvest;

"**HST Assumed Liabilities**" means all of the liabilities and obligations of HST, whether or not reflected on the books of HST;

"**HST CRP Transfer Note**" means a note in an amount equal to the COGPE, CDE and CEE balances of HST immediately prior to the HST First Resource Property Conveyance;

"**HST First Resource Properties**" means the oil and natural gas assets (excluding HST Tangible Assets) of HST having a fair market value equal to the HST CRP Transfer Note plus \$1.00;

"**HST First Resource Property Conveyance**" means the conveyance of the HST First Resource Properties to Operations in exchange for the HST CRP Transfer Note and Operations Preferred Shares Series 1 for the balance of the consideration pursuant to the HST First Resource Property Conveyance Agreement;

"**HST First Resource Property Conveyance Agreement**" means the conveyance agreement between HST and Operations to be dated the Effective Date effecting the HST First Resource Property Conveyance;

"**HST NPI #1**" means the 99% net profit interest in the HST First Resources Properties granted by Operations to HST;

"**HST NPI #2**" means the 99% net profit interest in the HST Second Resources Properties granted by Operations to HST;

"**HST Other Assets**" means the assets of HST other than the HST First Resource Assets, the HST Second Resource Assets and the HST Tangible Assets including, for greater certainty, the HST NPI #1 and the HST NPI #2;

"**HST Other Asset Conveyance**" means the conveyance of the HST Other Assets to Harvest, and the assumption of the HST Assumed Liabilities by Harvest, in exchange for that number of Harvest Units having a value equal to the fair market value of the HST Other Assets less the HST Assumed Liabilities pursuant to the HST Other Asset Conveyance Agreement;

"**HST Other Asset Conveyance Agreement**" means the conveyance agreement between HST and Harvest to be dated the Effective Date effecting the HST Other Asset Conveyance;

"**HST Preferred Units**" means the preferred trust units of HST;

"**HST Second Resource Properties**" means all of the oil and natural gas assets (excluding HST First Resources Properties and HST Tangible Assets) of HST;

**"HST Second Resource Property Conveyance"** means the conveyance of the HST Second Resource Properties to Operations in exchange for the HST NPI #2 and Operations Preferred Shares Series 2 pursuant to the HST Second Resource Property Conveyance Agreement;

**"HST Second Resource Property Conveyance Agreement"** means the conveyance agreement between HST and Operations to be dated the Effective Date effecting the HST Second Resource Property Conveyance;

**"HST Tangible Assets"** means all of the tangible assets of HST;

**"HST Tangible Conveyance"** means the conveyance of the HST Tangible Assets to Operations in exchange for the HST Tangible Transfer Note and Operations Preferred Shares Series 3 pursuant to the HST Tangible Conveyance Agreement;

**"HST Tangible Conveyance Agreement"** means the conveyance agreement between HST and Operations to be dated the Effective Date effecting the HST Tangible Conveyance;

**"HST Tangible Transfer Note"** means a note in an amount equal to the UCC balance of HST immediately prior to the HST Tangible Conveyance;

**"HST Units"** means the common trust units of HST;

**"HST Unitholders"** means holders from time to time of HST Preferred Units or HST Units;

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

**"Information Circular"** means this joint information circular and proxy statement dated December 30, 2005, together with all appendices hereto, distributed by Harvest and Viking in connection with the Meetings;

**"Interim Order"** means the Interim Order of the Court dated December 23, 2005 under Subsection 193(4) of the ABCA containing declarations and directions with respect to the Arrangement and the Meetings and issued pursuant to the petition of Harvest and Viking therefor, a copy of which order is attached as Appendix C to this Information Circular, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

**"Kensington"** means Kensington Energy Ltd., a corporation organized under the laws of Alberta;

**"Kensington Acquisition"** means the acquisition of Kensington by Viking as described in this Information Circular under the heading *"Information Concerning Viking Energy Royalty Trust – Recent Developments – Business Acquisitions - Kensington Energy Ltd."*;

**"Kensington Report"** means the reserve report prepared by GLJ dated February 24, 2005 and effective as at December 31, 2004, evaluating the crude oil, natural gas liquids and natural gas reserves and future net production revenues attributable to the properties of Kensington Energy Inc. as of December 31, 2004;

**"Kingsdale" or "Information Agent"** means Kingsdale Shareholder Services Inc.;

**"Krang"** means Krang Energy Inc., a corporation organized under the laws of Alberta;

**"Krang Acquisition"** means the acquisition of Krang by Viking as described in this Information Circular under the heading *"Information Concerning Viking Energy Royalty Trust – Recent Developments – Business Acquisitions - Krang Energy Inc."*;

**"Krang Report"** means the reserve report prepared by GLJ dated May 18, 2005 and effective as at April 30, 2005 evaluating the crude oil, natural gas liquids and natural gas reserves and future net production revenues attributable to the properties of Krang Energy Inc. as of April 30, 2005;

**"Laws"** means all laws, statutes, regulations, by-laws, statutory rules, orders, ordinances, protocols, codes, guidelines, notices, directions (including all Applicable Canadian Securities Laws), and terms and conditions of any grant of approval, permission, authority or license of any court, Governmental Entity, statutory body or self-regulatory authority (including the TSX);

**"Letter of Transmittal"** means either of the Letter of Transmittals enclosed with the Information Circular pursuant to which electing Harvest Exchangeable Shareholders and Viking Unitholders are required to deliver certificates representing Harvest Exchangeable Shares or Viking Units, as the case may be, in order to receive Harvest Units, on completion of the Arrangement;

**"Material Adverse Change" or "Material Adverse Effect"** means, with respect to any Person, any matter or action that has an effect or change that is, or would reasonably be expected to be, material and adverse to the business, operations, assets, capitalization, financial condition or prospects of such Person and its Subsidiaries, taken as a whole, other than any matter, action, effect or change relating to or resulting from: (i) general economic, financial, currency exchange, securities or commodity prices in Canada or elsewhere; (ii) conditions affecting the oil and gas exploration, exploitation, development and production industry as a whole, and not specifically relating to any Person and/or its Subsidiaries, including changes in Tax Laws; (iii) any decline in crude oil or natural gas prices on a current or forward basis; (iv) any matter which has been publicly disclosed or has been communicated in writing to the Other Party as of November 28, 2005; or (v) any changes arising from matters consented to or approved in writing by the Other Party;

**"McDaniel"** means McDaniel & Associates Consultants Ltd.;

**"Meeting"** means the Harvest Meeting or the Viking Meeting, as applicable, and **"Meetings"** means the Harvest Meeting and the Viking Meeting;

**"MFCorp"** means 1206623 Alberta Ltd., a corporation incorporated under the ABCA;

**"MFCorp Assets"** means all of the property, assets and undertaking of MFCorp of whatsoever nature or kind, present and future, and wheresoever located, including, for greater certainty, the Harvest Special Units and Harvest Exchangeable Shares (other than \$10.00);

**"MFCorp Assumed Liabilities"** means all of the liabilities and obligations of MFCorp, whether or not reflected on the books of MFCorp;

**"MFCorp Shares"** means common shares of MFCorp;

**"MFCorp Special Shares"** means special shares of MFCorp;

**"Nexen Acquisition"** means the acquisition by Harvest of the Nexen Properties from the Nexen Vendor by HBT1 and HBT2 pursuant to the Nexen Purchase Agreement;

**"Nexen Properties"** means crude oil and natural gas properties held in HRP and related assets indirectly acquired by HBT1 and HBT2 pursuant to the Nexen Purchase Agreement;

**"Nexen Purchase Agreement"** means the partnership purchase and sale agreement dated June 23, 2005 among HBT1, HBT2 and the Nexen Vendor;

**"Nexen Vendor"** means Nexen Inc. and certain corporations and partnerships controlled by it;

**"NI 51-101"** means National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities;

**"Non-Resident"** means: (i) a person who is not a resident of Canada for the purposes of the Tax Act; or (ii) a partnership that is not a Canadian partnership for the purposes of the Tax Act;

**"Notice of Joint Petition"** means the Notice of Joint Petition by Harvest, HOC, Viking and VHI to the Court for the Final Order which accompanies this Information Circular;

**"Notice of Meetings"** means, collectively, the Notice of Special Meeting of Harvest Securityholders and the Notice of Special Meeting of Viking Unitholders which accompanies this Information Circular and **"Notice of Meeting"** means any one of them, as applicable;

**"NYSE"** means the New York Stock Exchange;

**"Olaf"** means Olaf Energy Limited Partnership, a limited partnership organized under the laws of the Province of Alberta;

**"Olaf NPI #1"** means the net profits interest granted by Olaf to Viking;

**"Olaf NPI #1 Conveyance"** means the conveyance by Viking of the Olaf NPI #1 to Olaf in exchange for the units of Olaf pursuant to the Olaf NPI #1 Conveyance Agreement;

**"Olaf NPI #1 Conveyance Agreement"** means the conveyance agreement between Viking and Olaf to be dated the Effective Date effecting the Olaf NPI #1 Conveyance;

**"Olaf NPI #2"** means the net profits interest granted by Olaf to VHT;

**"Olaf NPI #2 Conveyance"** means the conveyance by VHT of the Olaf NPI #2 to Olaf in exchange for the units of Olaf pursuant to the Olaf NPI #2 Conveyance Agreement;

**"Olaf NPI #2 Conveyance Agreement"** means the conveyance agreement between VHT and Olaf to be dated the Effective Date effecting the Olaf NPI #2 Conveyance;

**"Olaf Partnership Agreement"** means the amended and restated limited partnership agreement dated as of October 6, 2003 as amended and restated as of September 2, 2004 and as of May 1, 2005 pursuant to which Olaf is governed and may be amended, supplemented and restated from time to time;

**"Olaf 1 Royalty Agreement"** means the royalty agreement dated as of May 1, 2005 between Olaf and Viking, as may be amended, supplemented or restated from time to time;

**"Olaf 2 Royalty Agreement"** means the royalty agreement dated as of May 1, 2005 between Olaf and VHT, as may be amended, supplemented or restated from time to time;

**"Olaf Unit Conveyance"** means the conveyance by Viking of the units of Olaf received by Viking pursuant to the Olaf NPI #1 Conveyance to EHT for no consideration pursuant to the Olaf Unit Conveyance Agreement;

**"Olaf Unit Conveyance Agreement"** means the conveyance agreement between Viking and Olaf to be dated the Effective Date effecting the Olaf Unit Conveyance;

**"Operations Preferred Shares Series 1"** means the Preferred Shares, Series 1 of Operations;

**"Operations Preferred Shares Series 2"** means the Preferred Shares, Series 2 of Operations;

**"Operations Preferred Shares Series 3"** means the Preferred Shares, Series 3 of Operations;

**"OSC Rule 61-501"** means Ontario Securities Commission Rule 61-501 – Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions;

**"PLA"** means Paddock, Lindstrom & Associates Ltd.;

**"Parties"** means Harvest, HOC, Viking and VHI and **"Party"** means any one of them;

**"Person"** means any individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government, regulatory authority or other entity;

**"Plan"** or **"Plan of Arrangement"** means the plan of arrangement attached as Schedule A to Appendix D to this Information Circular, as amended or supplemented from time to time in accordance with the terms thereof;

**"Pre-Arrangement Agreement"** means the agreement dated November 28, 2005 among Harvest, HOC, Viking and VHI in respect of the Arrangement;

**"Property Swap Conveyance"** means the exchange of certain oil and natural gas assets (including related tangibles) among VHI, EHT and VHT pursuant to the Property Swap Conveyance Agreement;

**"Property Swap Conveyance Agreement"** means the conveyance agreement among VHI, EHT and VHT to be dated the Effective Date effecting the Property Swap Conveyance;

**"Public Record"** means all information filed by either Harvest or Viking, as the case may be, after January 31, 2004 with any securities commission or similar regulatory authority in compliance, or intended compliance, with any Applicable Canadian Securities Laws;

**"Receiving Party"** means a receiving party in respect of a Superior Proposal;

**"Reclamation Fund"** has the meaning ascribed thereto in the Harvest NPI Agreements;

**"Record Date"** means the Harvest Record Date or the Viking Record Date, as applicable;

**"Redearth Partnership"** means the general partnership formed pursuant to the laws of Alberta, the partners of which are HOC and FET Resources Ltd.;

**"Redemption Note"** has the meaning ascribed thereto in the Harvest AIF;

**"Registered Holder"** means the Person whose name appears on the register of Harvest, HOC or Viking, as applicable, as the owner of Harvest Securities or Viking Units;

**"Registrar"** means the Registrar appointed under section 263 of the ABCA;

**"Regulation Q-27"** means Regulation Q-27 Respecting Protection of Minority Shareholders in the Course of Certain Transactions (Québec);

**"Regulation S"** means Regulation S under the 1933 Act;

**"Reserve Fund"** has the meaning ascribed thereto in the Harvest NPI Agreements;

**"Resident"** means a person who is not a Non-Resident;

**"Securities"** means the Harvest Securities and/or the Viking Units;

**"Securityholder"** means a holder from time to time of Harvest Securities and/or Viking Units, as applicable;

**"SEDAR"** means the System for Electronic Document Analysis and Retrieval;

**"Sproule"** means Sproule Associates Ltd.;

**"Storm"** means Storm Energy Ltd.;



**"Subsidiary"** means, with respect to any Person, a subsidiary (as that term is defined in the ABCA (for such purposes, if such Person is not a corporation, as if such Person were a corporation)) of such Person and includes any limited partnership, joint venture, trust, limited liability company, unlimited liability company or other entity, whether or not having legal status, that would constitute a subsidiary (as described above) if such entity were a corporation;

**"Superior Proposal"** means, a written *bona fide* Acquisition Proposal in connection with which the Harvest Board or the Viking Board, as the case may be, determines in good faith: (1) that funds or other consideration necessary for the Acquisition Proposal are or are likely to be available; (2) (after consultation with its financial advisor) would, if consummated in accordance with its terms, result in a transaction financially superior for Securityholders of the Receiving Party than the transaction contemplated by the Arrangement Agreement; and (3) after receiving the advice of outside counsel as reflected in minutes of the Harvest Board or the Viking Board, as the case may be, that the taking of such action is necessary for the Board of Directors in discharge of its fiduciary duties under Applicable Laws;

**"Tax Returns"** means all reports, estimates, elections, designations, forms, declarations of estimated tax, information statements and returns relating to, or required to be filed in connection with, any Taxes;

**"Tax" or "Taxes"** means all taxes, however denominated, including any interest, penalties or other additions that may become payable in respect thereof, imposed by any federal, territorial, state, local or foreign government or any agency or political subdivision of any such government, which taxes shall include, without limiting the generality of the foregoing, all income or profits taxes (including, but not limited to, federal income taxes and provincial income taxes), payroll and employee withholding taxes, unemployment insurance, social insurance taxes, sales and use taxes, ad valorem taxes, excise taxes, franchise taxes, gross receipts taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, workers compensation and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing, which Harvest or Viking (or any of their respective subsidiaries), as the case may be, is required to pay, withhold, remit or collect;

**"TSX"** means the Toronto Stock Exchange;

**"UCC"** means "undepreciated capital cost" as defined in the Tax Act, in respect of all classes of properties;

**"United States Securityholders" or "United States Securityholder"** means any Securityholder who is, at the Effective Time, in the United States;

**"United States" or "U.S."** means the United States, as defined in Rule 902(I) under Regulation S;

**"Unitholder"** means a holder of Harvest Units or Viking Units;

**"Units"** means Harvest Units or Viking Units;

**"VHI"** means Viking Holdings Inc., a corporation amalgamated under the ABCA;

**"VHI Common Shares"** means the common shares of VHI;

**"VHI Note"** means the promissory note in the principal amount of \$217 million issued by VHI to VHT;

**"VHI Preferred Shares Series 1"** means the Preferred Shares, Series 1 of VHI;

**"VHI Preferred Shares Series 2"** means the Preferred Shares, Series 2 of VHI;

**"VHI Preferred Shares Series 3"** means the Preferred Shares, Series 3 of VHI;

**"VHI Preferred Shares Series 4"** means the Preferred Shares, Series 4 of VHI;

**"VHI Preferred Shares Series 5"** means the Preferred Shares, Series 5 of VHI;

**"VHI Preferred Shares Series 6"** means the Preferred Shares, Series 6 of VHI;

**"VHT"** means Viking Holdings Trust, a trust created under the laws of the Province of Alberta and a wholly-owned Subsidiary of Viking;

**"VHT Acquired Notes"** means, collectively, the VHI Note, EHT CRP Transfer Note, EHT Tangible Transfer Note, VHT CRP Transfer Note and VHT Tangible Transfer Note;

**"VHT Assumed Liabilities"** means all of the liabilities and obligations of VHT, whether or not reflected on the books of VHT;

**"VHT CRP Transfer Note"** means a note in an amount equal to the COGPE, CDE and CEE balances of VHT immediately prior to the VHT First Resource Property Conveyance;

**"VHT First Resource Properties"** means the oil and natural gas assets (excluding VHT Tangible Assets) of VHT having a fair market value equal to the VHT CRP Transfer Note plus \$1.00;

**"VHT First Resource Property Conveyance"** means the conveyance of the VHT First Resource Properties to VHI in exchange for the VHT CRP Transfer Note and VHI Preferred Shares Series 4 for the balance of the consideration pursuant to the VHT First Resource Property Conveyance Agreement;

**"VHT First Resource Property Conveyance Agreement"** means the conveyance agreement between VHT and VHI to be dated the Effective Date effecting the EHT First Resource Property Conveyance;

**"VHT NPI #1"** means the 99% net profit interest in the VHT First Resources Properties granted by VHI to VHT;

**"VHT NPI #2"** means the 99% net profit interest in the VHT Second Resources Properties granted by VHI to VHT;

**"VHT Note"** means the promissory note in the principal amount of \$649 million issued by VHT to Viking;

**"VHT Other Assets"** means the assets of VHT other than the VHT First Resource Assets, the VHT Second Resource Assets and the VHT Tangible Assets;

**"VHT Other Asset Conveyance"** means the conveyance of the VHT Other Assets to Viking, and the assumption of the VHT Assumed Liabilities by Viking, in exchange for that number of Viking Units having a value equal to the fair market value of the VHT Other Assets less the VHT Assumed Liabilities pursuant to the VHT Other Asset Conveyance Agreement;

**"VHT Other Asset Conveyance Agreement"** means the conveyance agreement between VHT and Viking to be dated the Effective Date effecting the VHT Other Asset Conveyance;

**"VHT Preferred Units"** means the preferred units of VHT;

**"VHT Second Resource Properties"** means all of the oil and natural gas assets (excluding VHT First Resources Properties and VHT Tangible Assets) of VHT;

**"VHT Second Resource Property Conveyance"** means the conveyance of the VHT Second Resource Properties to VHI in exchange for the VHT NPI #2 and VHI Preferred Shares Series 5 pursuant to the VHT Second Resource Property Conveyance Agreement;

**"VHT Second Resource Property Conveyance Agreement"** means the conveyance agreement between VHT and VHI to be dated the Effective Date effecting the VHT Second Resource Property Conveyance;

**"VHT Tangible Assets"** means the tangible assets of VHT;

**"VHT Tangible Conveyance"** means the conveyance of the VHT Tangible Assets to VHI in exchange for the VHT Tangible Transfer Note and VHI Preferred Shares Series 6 pursuant to the VHT Tangible Conveyance Agreement;

**"VHT Tangible Conveyance Agreement"** means the conveyance agreement between VHT and VHI to be dated the Effective Date effecting the VHT Tangible Conveyance;

**"VHT Tangible Transfer Note"** means a note in an amount equal to the UCC balance of VHT immediately prior to the VHT Tangible Conveyance;

**"VHT Trust Indenture"** means the Amended and Restated Trust Indenture dated as of July 1, 2004 and as amended and restated as of May 1, 2005 between Bjorn, in its capacity as trustee of VHT and Viking, as the sole holder of trust units of VHT, as may be amended, supplemented or restated from time to time;

**"VHT Units"** means the trust units of VHT;

**"Viking Acquired NPIs"** means, collectively, the EHT NPI #1, the EHT NPI #2, the VHT NPI #1, the VHT NPI #2 and the Viking NPI;

**"Viking AIF"** means the Renewal Annual Information Form of Viking dated March 30, 2005 incorporated by reference into this Information Circular;

**"Viking Arrangement Parties"** means Viking, VHI, EHT, VHT and Olaf;

**"Viking Arrangement Resolution"** means the special resolution in respect of the Arrangement in substantially the form attached as Appendix B to the Information Circular to be voted upon by Viking Unitholders at the Viking Meeting;

**"Viking Assets"** means all of the property, assets and undertaking of Viking of whatsoever nature or kind, present and future, and wheresoever located, including the shares, units, notes, royalties or other interests in the capital of or granted by Viking's direct Subsidiaries and any rights to purchase assets, properties or undertakings of third parties under agreements to purchase that have not yet closed, if any, and whether or not reflected on the books of Viking (other than one (1) Harvest Unit) but excluding, in all cases, all amounts that Viking may be required to pay to Dissenting Securityholders pursuant to Article 4 of the Plan of Arrangement;

**"Viking Assumed Liabilities"** means all of the liabilities and obligations of Viking, whether or not reflected on the books of Viking including, for greater certainty, the Viking 10.5% Debentures and the Viking 6.4% Debentures but excluding all amounts Viking may be required to pay to Dissenting Securityholders pursuant to Article 4 of the Plan of Arrangement;

**"Viking Awards"** means the outstanding restricted and performance awards of Viking Units, whether or not vested, under the Viking Unit Award Incentive Plan;

**"Viking Board"** or **"Viking Board of Directors"** means the board of directors of VHI;

**"Viking 6.4% Debentures"** means the 6.4% convertible unsecured subordinated debentures issued on October 20, 2005 pursuant to the Viking 6.4% Debenture Indenture Supplement;

**"Viking 6.4% Debenture Indenture Supplement"** means the supplement to the Viking 10.5% Debenture Indenture dated October 20, 2005 governing the terms of the Viking 6.4% Debentures;

**"Viking 10.5% Debentures"** means the 10.5% convertible unsecured subordinated debentures issued on January 15, 2003 pursuant to the Viking 10.5% Debenture Indenture;

**"Viking 10.5% Debenture Indenture"** means the trust indenture dated as of January 15, 2003 between Viking and the Viking Debenture Trustee governing the terms of the Viking 10.5% Debentures together with the supplemental indenture thereto;

**"Viking Debentureholders"** means, collectively, the holders of Viking Debentures;

**"Viking Debentures"** means the Viking 6.4% Debentures and the Viking 10.5% Debentures;

**"Viking Debenture Indenture"** means the Viking 6.4% Debenture Indenture Supplement and the Viking 10.5% Debenture Indenture;

**"Viking Debenture Trustee"** means Computershare Trust Company of Canada;

**"Viking Fairness Opinion"** means the opinion of CIBC World Markets Inc. dated December 21, 2005, a copy of which is attached as Appendix F to this Information Circular;

**"Viking Incentive Plans"** means the Viking Trust Unit Option Plan and the Viking Unit Award Incentive Plan;

**"Viking Meeting"** means the special meeting of Viking Unitholders to be held on February 2, 2006 and any adjournments thereof to consider and vote on the Viking Arrangement Resolution and the other matters to be considered at the Viking Meeting;

**"Viking NPI"** means the 99% net profit interest in the resource properties of VHI, other than the resource properties covered by the EHT NPI #1, EHT NPI #2, VHT NPI #1 and VHT NPI #2, to be granted by VHI to Harvest following the completion of the Arrangement;

**"Viking Operating Entities"** means Viking and VHI, VHT, Bjorn, ERIK and Olaf, each a direct or indirect wholly owned Subsidiary of Viking, and **"Viking Operating Entity"** means any one of them;

**"Viking Record Date"** means the close of business on December 30, 2005;

**"Viking Report"** means the report prepared by GLJ dated February 10, 2005 and effective as at December 31, 2004, evaluating the crude oil, natural gas liquids and natural gas reserves and future net production revenues attributable to the properties of Viking as of December 31, 2004;

**"Viking Rights"** means the outstanding options, whether or not vested, to acquire Viking Units under the Viking Trust Unit Option Plan;

**"Viking Termination Fee"** means the applicable termination fee payable upon the occurrence of specified events, as described under *"The Arrangement – Arrangement Agreement – Termination Fees – Viking Termination Fee"*;

**"Viking Trust Indenture"** means the Amended and Restated Trust Indenture dated as of July 1, 2003 between the Viking Trustee and VHI, as may be amended, supplemented or restated from time to time;

**"Viking Trust Unit Option Plan"** means the Viking trust unit option plan;

**"Viking Trustee"** means Computershare Trust Company of Canada, in its capacity as the trustee under the Viking Trust Indenture;

**"Viking Unit Award Incentive Plan"** means the 2003 Viking unit award incentive plan;

**"Viking Unitholder"** means a holder from time to time of Viking Units; and

**"Viking Units"** means the trust units of Viking.

If the Effective Date occurs on February 3, 2006, as currently scheduled, the first post-Arrangement distribution of Harvest will be paid on March 15, 2006 to Harvest Unitholders (including former Harvest Exchangeable Shareholders who have validly made the Exchangeable Share Election and former Viking Unitholders) of record on February 22, 2006. Harvest's post-Arrangement distribution policy will initially be set at \$0.38 per Harvest Unit per month. It is anticipated that this distribution policy will result in a 2006 payout ratio of approximately 65% based on commodity prices in effect as of the date of this Information Circular. Harvest currently anticipates a pro forma \$250 million capital program focused on exploitation and development opportunities within the existing combined asset base. Future distributions and the actual payout ratio will be subject to the discretion of the Harvest Board of Directors and may vary depending on, among other things, the current and anticipated commodity price environment. See "*Pro Forma Information of Harvest After Giving Effect to the Arrangement – Risk Factors*".

## **Details of the Arrangement**

### ***General***

The Arrangement provides for the merger of Harvest and Viking, resulting in the exchange of all of the issued and outstanding Viking Units for Harvest Units. In addition, holders of Harvest Exchangeable Shares will have the right, but not the obligation to exchange their Harvest Exchangeable Shares for Harvest Units.

Following completion of the Arrangement, Harvest is expected to have an initial enterprise value in excess of \$4 billion. Harvest will retain key personnel from both entities and will be led by John Zahary, as President and Chief Executive Officer. The executive team will also include Bob Fotheringham as Vice President, Finance and Chief Financial Officer, Rob Morgan as Vice President, Engineering and Chief Operating Officer, Al Ralston as Vice President, Production, James Campbell as Vice President, Geosciences and Jacob Roorda as Vice President, Corporate. The Harvest Board of Directors, including Chairman M. Bruce Chernoff, John Brussa, Verne Johnson, Hector McFadyen, Hank Swartout and Kevin Bennett, will remain in place and will be supplemented by Dale Blue, David Boone and William Friley from the Viking Board of Directors.

The merged trust is expected to be well positioned to create long-term value for Unitholders through a high quality, long life asset base, a strong balance sheet and an extensive drilling inventory. Following the Arrangement, Harvest is expected to have 215 MMboe of proved plus probable reserves and a diversified production base of approximately 64,000 Boe/d comprised of approximately 50% light/medium oil, 25% natural gas and 25% heavy oil, a drilling inventory of more than 700 drilling locations and approximately 730,000 net acres of undeveloped land.

Harvest and Viking employ a similar focus on technical exploitation of large resource pools, utilizing the same operating and administration systems, and bring together strong technical, field operations and administrative teams which is expected to lead to a smooth integration of the two entities into one stronger organization.

Following the Effective Date, it is currently intended that Harvest will make cash distributions to holders of Harvest Units from the interest income received on the Harvest Notes and from income generated from the Harvest NPIs, as well as income from the Viking Notes and the Viking Acquired NPIs, net of administrative expenses. In addition, Harvest Unitholders may, at the discretion of the Harvest Board of Directors, receive distributions in respect of prepayments of principal on certain of the Harvest Notes before maturity and dividends on Harvest Common Shares.

### **Arrangement Steps**

Pursuant to the Arrangement, each of the following are deemed to occur in the following order without any further act or formality:

***Amendments to the Trust Indentures and Other Constatting Documents***

- (a) the Harvest Trust Indenture and other constating documents of the Harvest Arrangement Parties shall be amended:
  - (i) by creating the Harvest Special Units;
  - (ii) by creating the HST Preferred Units;
  - (iii) by creating the Operations Preferred Shares Series 1, Operations Preferred Shares Series 2 and Operations Preferred Shares Series 3; and
  - (iv) otherwise to the extent necessary to facilitate the Arrangement;
- (b) the Viking Trust Indenture and other constating documents of the Viking Arrangement Parties shall be amended:
  - (i) by creating the VHI Preferred Shares Series 1, the VHI Preferred Shares Series 2, the VHI Preferred Shares Series 3, the VHI Preferred Shares Series 4, the VHI Preferred Shares Series 5 and the VHI Preferred Shares Series 6;
  - (ii) to cause 99% of the Viking Units held by each Viking Unitholder to be exchanged, as of the Effective Date in accordance with the terms of the Plan of Arrangement, for MFCorp Special Shares on the basis of 1.0000 MFCorp Special Share for each Viking Unit pursuant to paragraph (ccc);
  - (iii) to cause 1% of the Viking Units held by each Viking Unitholder to be exchanged, as of the Effective Date in accordance with the terms of the Plan of Arrangement, for Harvest Units on the basis of 1.0000 Harvest Unit for each 4.0000 Viking Units pursuant to paragraph (fff);
  - (iv) to cause the MFCorp Special Shares received by Viking Unitholders pursuant to paragraph (ccc) of the Plan of Arrangement to be exchanged, as of the Effective Date in accordance with the terms of the Plan of Arrangement, for Harvest Units upon the redemption of the MFCorp Special Shares pursuant to paragraph (iii) on the basis of 1.0000 Harvest Unit for each 4.0000 MFCorp Special Shares; and
  - (v) otherwise to the extent necessary to facilitate the Arrangement;

***Dissenting Securityholders***

- (c) the Harvest Units held by Dissenting Securityholders shall be deemed to have been transferred to Harvest (free of any claims) and such Dissenting Securityholders shall cease to have any rights as Harvest Unitholders other than the right to be paid the fair value of their Harvest Units in accordance with Article 4 of the Plan of Arrangement;
- (d) the Harvest Exchangeable Shares held by Dissenting Securityholders shall be deemed to have been transferred to Harvest (free of any claims) and such Dissenting Securityholders shall cease to have any rights as Harvest Exchangeable Shareholders other than the right to be paid the fair value of their Harvest Exchangeable Shares in accordance with Article 4 of the Plan of Arrangement;
- (e) the Viking Units held by Dissenting Securityholders shall be deemed to have been transferred to Viking (free of any claims) and such Dissenting Securityholders shall cease to have any rights as Viking Unitholders other than the right to be paid the fair value of their Viking Units in accordance with Article 4 of the Plan of Arrangement;

***HST Transactions******HST Asset Transfer***

- (f) the HST First Resource Property Conveyance shall become effective and the HST First Resource Properties shall be transferred by HST to HOC and HOC shall issue the HST CRP Transfer Note and the Operations Preferred Shares Series 1 to HST in satisfaction of the purchase price for the HST First Resource Properties pursuant to the HST First Resource Property Conveyance Agreement;
- (g) HOC shall grant the HST NPI #1 to HST for consideration of \$10.00;
- (h) the HST Second Resource Property Conveyance shall become effective and the HST Second Resource Properties shall be transferred by HST to HOC and HOC shall issue the HST NPI #2 and the Operations Preferred Shares Series 2 to HST in satisfaction of the purchase price for the HST Second Resource Properties pursuant to the HST Second Resource Property Conveyance Agreement;
- (i) the HST Tangible Conveyance shall become effective and the HST Tangible Assets shall be transferred by HST to HOC and HOC shall issue the HST Tangible Asset Transfer Note and the Operations Preferred Shares Series 3 to HST in satisfaction of the purchase price for the HST Tangible Assets pursuant to the HST Tangible Asset Conveyance Agreement;

***HST Conversion to a Mutual Fund Trust***

- (j) the trust indenture governing HST shall be amended by creating the HST Preferred Units;
- (k) Harvest shall subscribe for that number of HST Preferred Units of HST necessary for Harvest to satisfy its obligations under paragraph (l) for aggregate subscription proceeds of \$1 million;
- (l) Harvest shall distribute all of the HST Preferred Units to Harvest Unitholders who are not Designated Beneficiaries on the basis of one (1) HST Preferred Unit for each one (1) Harvest Unit held;

***HST Qualifying Exchange with Harvest***

- (m) HST will transfer to Harvest the HST CRP Transfer Note and the HST Tangible Asset Transfer Note in partial satisfaction of the amounts owing by HST to Harvest;
- (n) Harvest shall subscribe for that number of HST Units having an aggregate subscription amount equal to any remaining amounts owing by HST to Harvest in full satisfaction of any such remaining indebtedness;
- (o) the HST Other Asset Conveyance shall become effective and the HST Other Assets shall be transferred by HST to Harvest and Harvest shall issue and deliver to HST that number of Harvest Units having a value equal to the fair market value of the HST Other Assets less the HST Assumed Liabilities in satisfaction of the purchase price for the HST Other Assets pursuant to the HST Other Asset Conveyance Agreement;
- (p) Harvest shall subscribe for one (1) HST Unit for \$10.00;
- (q) HST shall redeem all of the issued and outstanding HST Preferred Units and HST Units (other than the one (1) HST Trust Unit subscribed for by Harvest pursuant to paragraph (p)) in exchange for Harvest Units and HST shall distribute the Harvest Units to the HST Unitholders on a pro rata basis based on the fair market value of the HST Preferred Units and the HST Trust Units surrendered;
- (r) all of the Harvest Units received by Harvest pursuant to paragraph (q) shall be cancelled;

- (s) immediately after the pro rata distribution of Harvest Units to HST Unitholders who are not Designated Beneficiaries pursuant to paragraph (q), the number of outstanding Harvest Units held by such unitholders will be consolidated such that each Harvest Unitholder will hold after the consolidation the same number of Harvest Units as the Harvest Unitholder held before the distribution of additional Harvest Units. In such case, each Harvest Unit certificate representing a number of Harvest Units prior to the distribution of additional Harvest Units is deemed to represent the same number of Harvest Units after the distribution of additional Harvest Units and the consolidation;

#### *Viking Entity Transactions*

##### *Debt Matters*

- (t) VHT shall assign and transfer its interest in:
  - (i) the VHI Note; and
  - (ii) the EHT Note,
 to Viking in partial satisfaction of the amount owing by VHT to Viking pursuant to the VHT Note;

##### *Royalty Matters*

- (u) the Olaf NPI #1 Conveyance shall become effective and the Olaf NPI #1 shall be transferred by Viking to Olaf in exchange for units of Olaf pursuant to the Olaf NPI #1 Conveyance Agreement;
- (v) the Olaf Unit Conveyance shall become effective and the Olaf Units received by Viking pursuant to the Olaf NPI #1 Conveyance shall be transferred by Viking to EHT for no consideration pursuant to the Olaf Unit Conveyance Agreement;
- (w) the Olaf NPI #2 Conveyance shall become effective and the Olaf NPI #2 shall be transferred by VHT to Olaf in exchange for units of Olaf pursuant to the Olaf NPI #2 Conveyance Agreement;

##### *Dissolution of Olaf*

- (x) Olaf shall be dissolved in accordance with the following:
  - (i) all of the property of Olaf shall be distributed to VHI, EHT and VHT in accordance with their respective partnership interests immediately prior to the dissolution;
  - (ii) VHI, EHT and VHT shall be liable for all of the obligations of Olaf in accordance with their respective partnership interests immediately prior to the dissolution; and
  - (iii) the Property Swap Conveyance shall become effective and certain oil and natural gas assets (including related tangibles) will be exchanged among VHI, EHT and VHT pursuant to the Property Swap Conveyance Agreement;

##### *EHT Asset Transfer*

- (y) the EHT First Resource Property Conveyance shall become effective and the EHT First Resource Properties shall be transferred by EHT to VHI and VHI shall issue the EHT CRP Transfer Note and the VHI Preferred Shares Series 1 to EHT in satisfaction of the purchase price for the EHT First Resource Properties pursuant to the EHT First Resource Property Conveyance Agreement;
- (z) VHI shall grant the EHT NPI #1 to EHT for consideration of \$10.00;



- (aa) the EHT Second Resource Property Conveyance shall become effective and the EHT Second Resource Properties shall be transferred by EHT to VHI and VHI shall issue the EHT NPI #2 and the VHI Preferred Shares Series 2 to EHT in satisfaction of the purchase price for the EHT Second Resource Properties pursuant to the EHT Second Resource Property Conveyance Agreement;
- (bb) the EHT Tangible Conveyance shall become effective and the EHT Tangible Assets shall be transferred by EHT to VHI and VHI shall issue the EHT Tangible Transfer Note and the VHI Preferred Shares Series 3 to EHT in satisfaction of the purchase price for the EHT Tangible Assets pursuant to the EHT Tangible Conveyance Agreement;

*VHT Asset Transfer*

- (cc) the VHT First Resource Property Conveyance shall become effective and the VHT First Resource Properties shall be transferred by VHT to VHI and VHI shall issue the VHT CRP Transfer Note and the VHI Preferred Shares Series 4 to VHT in satisfaction of the purchase price for the VHT First Resource Properties pursuant to the VHT First Resource Property Conveyance Agreement;
- (dd) VHI shall grant the VHT NPI #1 to VHT for consideration of \$10.00;
- (ee) the VHT Second Resource Property Conveyance shall become effective and the VHT Second Resource Properties shall be transferred by VHT to VHI and VHI shall issue the VHT NPI #2 and the VHI Preferred Shares Series 5 to VHT in satisfaction of the purchase price for the VHT Second Resource Properties pursuant to the VHT Second Resource Property Conveyance Agreement;
- (ff) the VHT Tangible Conveyance shall become effective and the VHT Tangible Assets shall be transferred by VHT to VHI and VHI shall issue the VHT Tangible Transfer Note and the VHI Preferred Shares Series 6 to VHT in satisfaction of the purchase price for the VHT Tangible Assets pursuant to the VHT Tangible Conveyance Agreement;

*EHT Conversion to a Mutual Fund Trust*

- (gg) the trust indenture governing EHT shall be amended by creating the EHT Preferred Units;
- (hh) Viking shall subscribe for that number of EHT Preferred Units of EHT necessary for Viking to satisfy its obligations under paragraph (ii) for aggregate subscription proceeds of \$1 million;
- (ii) Viking shall distribute all of the EHT Preferred Units to Viking Unitholders who are not Designated Beneficiaries on the basis of one (1) EHT Preferred Unit for each one (1) Viking Unit held;

*EHT Qualifying Exchange with Viking*

- (jj) EHT will transfer to Viking the EHT CRP Transfer Note and the EHT Tangible Transfer Note in partial satisfaction of the amounts owing by EHT to Viking;
- (kk) Viking shall subscribe for that number of EHT Units having an aggregate subscription amount equal to any remaining amounts owing by EHT to Viking in full satisfaction of any such remaining indebtedness;
- (ll) the EHT Other Asset Conveyance shall become effective and the EHT Other Assets shall be transferred by EHT to Viking and Viking shall issue and deliver to EHT that number of Viking Units having a value equal to the fair market value of EHT Other Assets less the EHT Assumed Liabilities in satisfaction of the purchase price for the EHT Other Assets pursuant to the EHT Other Asset Conveyance Agreement;
- (mm) Viking shall subscribe for one (1) EHT Unit for \$10.00;

- (nn) EHT shall redeem all of the issued and outstanding EHT Preferred Units and EHT Units (other than the one (1) EHT Trust Unit subscribed for by Viking pursuant to paragraph (mm)) in exchange for Viking Units and EHT shall distribute the Viking Units to the EHT Unitholders on a pro rata basis based on the fair market value of the EHT Preferred Units and the EHT Trust Units surrendered;
- (oo) all of the Viking Units received by Viking pursuant to paragraph (nn) shall be cancelled;
- (pp) immediately after the pro rata distribution of Viking Units to EHT Unitholders who are not Designated Beneficiaries pursuant to paragraph (mm), the number of outstanding Viking Units held by such unitholders will be consolidated such that each Viking Unitholder will hold after the consolidation the same number of Viking Units as the Viking Unitholder held before the distribution of additional Viking Units. In such case, each Viking Unit certificate representing a number of Viking Units prior to the distribution of additional Viking Units is deemed to represent the same number of Viking Units after the distribution of additional Viking Units and the consolidation;

*VHT Conversion to a Mutual Fund Trust*

- (qq) the trust indenture governing VHT shall be amended by creating the VHT Preferred Units;
- (rr) Viking shall subscribe for that number of VHT Preferred Units of VHT necessary for Viking to satisfy its obligations under paragraph (ss) for aggregate subscription proceeds of \$1 million;
- (ss) Viking shall distribute all of the VHT Preferred Units to Viking Unitholders who are not Designated Beneficiaries on the basis of one (1) VHT Preferred Unit for each one (1) Viking Unit held;

*VHT Qualifying Exchange with Viking*

- (tt) VHT will transfer to Viking the VHT CRP Transfer Note and the VHT Tangible Transfer Note in partial satisfaction of the amounts owing by VHT to Viking;
- (uu) Viking shall subscribe for that number of VHT Units having an aggregate subscription amount equal to any remaining amounts owing by VHT to Viking in full satisfaction of any such remaining indebtedness;
- (vv) the VHT Other Asset Conveyance shall become effective and the VHT Other Assets shall be transferred by VHT to Viking and Viking shall issue and deliver to EHT that number of Viking Units having a value equal to the fair market value of EHT Other Assets less the EHT Assumed Liabilities in satisfaction of the purchase price for the VHT Other Assets pursuant to the VHT Other Asset Conveyance Agreement;
- (ww) Viking shall subscribe for one (1) VHT Unit for \$10.00;
- (xx) VHT shall redeem all of the issued and outstanding VHT Preferred Units and VHT Units (other than the one (1) VHT Unit subscribed for by Viking pursuant to paragraph (ww)) in exchange for Viking Units and VHT shall distribute the Viking Units to the VHT Unitholders on a pro rata basis based on the fair market value of the VHT Preferred Units and the VHT Units so surrendered;
- (yy) all of the Viking Units received by Viking pursuant to paragraph (xx) shall be cancelled;
- (zz) immediately after the pro rata distribution of Viking Units to VHT Unitholders who are not Designated Beneficiaries pursuant to paragraph (xx), the number of outstanding Viking Units held by such unitholders will be consolidated such that each Viking Unitholder will hold after the consolidation the same number of Viking Units as the Viking Unitholder held before the distribution of additional Viking Units. In such case, each Viking Unit certificate representing a number of Viking Units prior to the distribution of additional Viking Units is deemed to represent the same number of Viking Units after the distribution of additional Viking Units and the consolidation;

***Harvest Purchase of Viking Assets***

- (aaa) Viking shall sell, transfer, convey, assign and deliver to Harvest and Harvest shall purchase and accept from Viking, all of the Viking Assets and Harvest shall (i) assume and become liable to pay, satisfy, discharge and observe, perform and fulfill the Viking Assumed Liabilities in accordance with their terms, and (ii) issue to Viking an aggregate number of Harvest Special Units and Harvest Units equal in number to the number of Viking Units outstanding with the allocation between Harvest Special Units and Harvest Units being such that Viking can meet its distribution obligations under paragraph (fff);
- (bbb) in connection with the assumption of the Viking Assumed Liabilities by Harvest, Harvest shall assume all the covenants and obligations of Viking under the Viking Debenture Indenture in respect of the Viking 10.5% Debentures and the Viking 6.4% Debentures such that the Viking 10.5% Debentures and the Viking 6.4% Debentures will be valid and binding obligations of Harvest entitling the holders thereof, as against Harvest, to all the rights of the Viking Debentureholders under the Viking Debenture Indenture, and, in connection therewith, shall enter into a supplemental debenture indenture with the Viking Debenture Trustee in accordance with the applicable requirements of the Viking Debenture Indenture and otherwise comply with any additional requirements of the Viking Debenture Indenture relating thereto;

***MFCorp Acquisition of Viking Securities and Harvest Exchangeable Shares***

- (ccc) each Viking Unitholder shall transfer ninety-nine (99%) percent of his/her Viking Units to MFCorp in exchange for MFCorp Special Shares on the basis of 1.0000 MFCorp Special Share for each Viking Unit transferred;
- (ddd) each Harvest Exchangeable Shareholder so electing shall transfer one hundred (100%) percent of his/her Harvest Exchangeable Shares to MFCorp in exchange for MFCorp Special Shares on the basis of 4.0000 MFCorp Special Shares for each Harvest Unit that would be issuable if the Harvest Exchangeable Shares transferred were exchanged into Harvest Units in accordance with their terms immediately prior to the Effective Time;
- (eee) Harvest shall subscribe for one (1) Viking Unit in exchange for one (1) Harvest Unit;
- (fff) Viking shall redeem all of the issued and outstanding Viking Units (other than the one (1) Viking Unit held by Harvest) in exchange for all of the Harvest Special Units and Harvest Units held by Viking and, upon such redemption, the Harvest Special Units shall be distributed by Viking to MFCorp on the basis of 1.0000 Harvest Special Unit for each 1.0000 Viking Unit held and the Harvest Units shall be distributed to the remaining Viking Unitholders on the basis of 1.0000 Harvest Unit for each 4.0000 Viking Units held;

***Harvest Purchase of MFCorp Assets***

- (ggg) MFCorp shall sell, transfer, convey, assign and deliver to Harvest and Harvest shall purchase and accept from MFCorp, all of the MFCorp Assets and Harvest shall (i) assume and become liable to pay, satisfy, discharge and observe, perform and fulfill the MFCorp Assumed Liabilities in accordance with their terms, and (ii) issue to MFCorp an aggregate number of Harvest Units equal in number to one fourth the number of MFCorp Special Shares and the number of MFCorp Shares outstanding;
- (hhh) Harvest shall subscribe for one (1) MFCorp Share for \$10.00;
- (iii) MFCorp shall redeem all of the issued and outstanding MFCorp Special Shares in exchange for Harvest Units, which shall be distributed to the holders of MFCorp Special Shares on the basis of 1.0000 Harvest Unit for each 4.0000 MFCorp Special Shares;

***Exchange of Exchangeable Shares***

- (jjj) all of the Harvest Exchangeable Shares held by Harvest shall be exchanged with Operations for that number of common shares of Operations having a value equal to the fair market value of the Harvest Exchangeable Shares so exchanged;

***Exchange of VHI Common Shares***

- (kkk) all of the VHI Common Shares held by Harvest shall be exchanged with Operations for that number of common shares of Operations having a value equal to the fair market value of the VHI Common Shares so exchanged;

***Exchange of Harvest ExchangeCo Shares with Operations***

- (lll) all of the Harvest Exchangeable Shares held by Harvest shall be exchanged with Operations for that number of common shares of Operations having a value equal to the fair market value of the Harvest ExchangeCo Shares so exchanged;

***Exchange of Harvest ExchangeCo Shares with VHI***

- (mmm) all of the Harvest ExchangeCo Shares held by Operations shall be exchanged with VHI for that number of common shares of VHI having a value equal to the fair market value of the Harvest ExchangeCo Shares so exchanged;

***Exchange of Krang and Bjorn Shares***

- (nnn) all of the Krang Shares and Bjorn Shares held by VHI shall be exchanged with Harvest ExchangeCo for that number of Harvest ExchangeCo Shares having a value equal to the fair market value of the Krang Shares and Bjorn Shares so exchanged;

***Amalgamation of Krang, Bjorn and Harvest ExchangeCo***

- (ooo) Krang, Bjorn and Harvest ExchangeCo shall be amalgamated and continued as one corporation, AmalgamationCo, in accordance with the following:
  - (i) the stated capital of the common shares of Krang, Bjorn and Harvest ExchangeCo shall be reduced, in each case, to \$1.00 in aggregate immediately prior to the amalgamation;
  - (ii) the articles of Amalgamation shall be the same as the articles of Harvest ExchangeCo and the name of AmalgamationCo shall be "Harvest ExchangeCo Ltd.";
  - (iii) the shares of Krang and Bjorn shall be cancelled without any repayment of capital;
  - (iv) the property of each of the amalgamating corporations shall continue to be the property of AmalgamationCo;
  - (v) AmalgamationCo shall continue to be liable for the obligations of each of the amalgamating corporations;
  - (vi) any existing cause of action, claim or liability to prosecution of each of the amalgamating corporations shall be unaffected;
  - (vii) any civil, criminal or administrative action or proceeding pending by or against each of the amalgamating corporations may be continued to be prosecuted by or against AmalgamationCo;

- (viii) a conviction against, or ruling, order or judgment in favour of or against, each of the amalgamating corporations may be enforced by or against AmalgamationCo;
- (ix) the Articles of Amalgamation of AmalgamationCo shall be deemed to be the Articles of Incorporation of AmalgamationCo and the Certificate of Amalgamation of AmalgamationCo shall be deemed to be the Certificate of Incorporation of AmalgamationCo;
- (x) the by-laws of AmalgamationCo shall be the by-laws of Harvest ExchangeCo;
- (xi) the first directors of AmalgamationCo shall be John E. Zahary and Robert Fotheringham;
- (xii) the first officers of AmalgamationCo shall be the officers of Operations; and
- (xiii) the registered office of AmalgamationCo shall be the registered office of Harvest ExchangeCo; and

#### ***Election of HOC Directors***

- (ppp) the number of directors of HOC shall be increased to 9 members and each of Dale Blue, David Boone and William Friley shall be elected as directors of HOC to hold office until the next annual meeting of shareholders of HOC.

Following the completion of the Arrangement, VHI will grant the Viking NPI to Harvest.

#### **Election of Additional Directors of HOC**

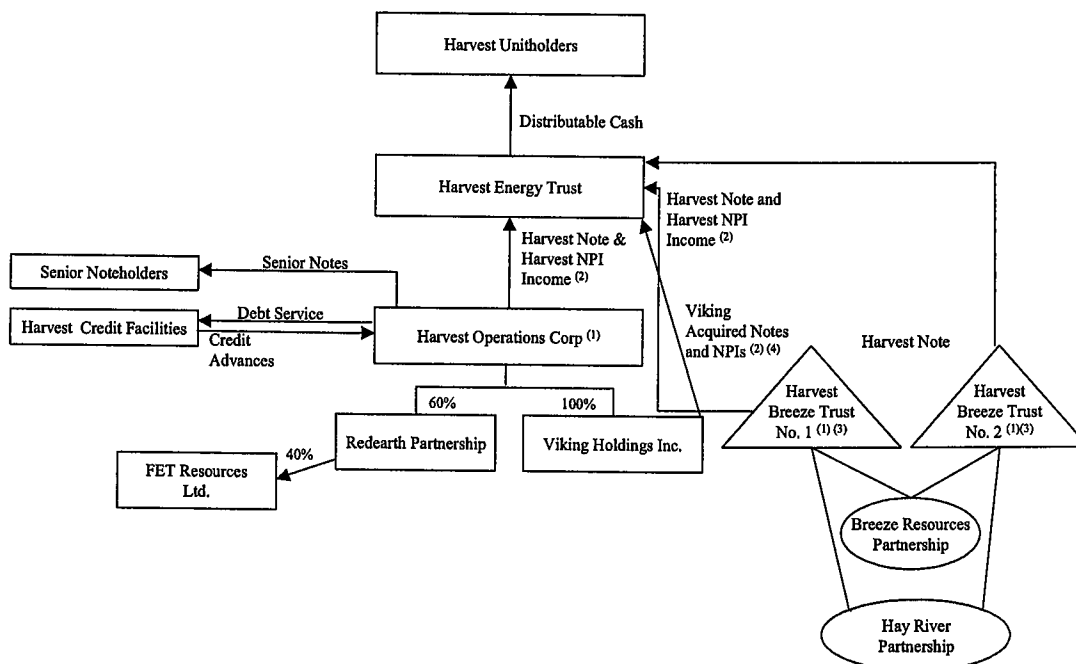
As indicated above, one of the Arrangement steps is to fix the number of directors of HOC at 9 members and to elect the nominees set forth below:

Dale Blue  
David Boone  
William A. Friley, Jr.

The names and municipalities of residence of each of the persons nominated for election as a director of HOC and their respective principal occupations are described under "*Pro Forma Information of Harvest After Giving Effect to the Arrangement – Directors and Officers of Harvest Upon Completion of the Arrangement*". To the knowledge of Harvest and Viking, none of the persons so nominated for election owns, directly or indirectly, or exercises control over direction over, any Harvest Units or Harvest Exchangeable Shares as of the date of this Information Circular, other than David Boone who owns 163 Harvest Units and 1,012 Harvest Exchangeable Shares.

## Post Arrangement Structure

The following diagram illustrates the organizational structure of Harvest following the completion of the Arrangement.



### Notes:

- (1) All operations and management of Harvest and HOC, Redearth Partnership, BRP, HRP, HBT1, HBT2 and VHI will be conducted through HOC. Harvest will hold all of the voting securities of HOC, HBT1 and HBT2.
- (2) Harvest will receive regular monthly payments in accordance with the Harvest NPI Agreements as well as distributions and interest payments from HOC, VHI, HBT1, HBT2 and the Viking Acquired NPIs.
- (3) HBT1 and HBT2 have also issued priority trust units to HOC.
- (4) Following completion of the Arrangement, VHI will grant the Viking NPI to Harvest. The other Viking Acquired NPIs will be acquired by Harvest under the Arrangement.

Upon the completion of the Arrangement and assuming that: (i) no Dissent Rights are exercised; (ii) an aggregate of 324,896 Harvest Units are issued pursuant to 35,256 outstanding Harvest Awards and 693,425 outstanding Viking Awards; (iii) an aggregate of 875,000 Harvest Units are issued pursuant to 1,558,000 outstanding Harvest Rights and 940,700 outstanding Viking Rights (assuming Harvest Rights are settled on a net benefit basis); (iv) the same number of Harvest Units and Viking Units are outstanding as were outstanding on December 15, 2005 adjusted for DRIP participation on the declared December distribution; and (v) all of the Harvest Exchangeable Shareholders elect to receive Harvest Units pursuant to the Arrangement, approximately 53,833,000 Harvest Units will be held by Harvest Securityholders and 45,961,000 Harvest Units will be held by former Viking Unitholders.

## Arrangement Agreement

The Arrangement is being effected pursuant to the Arrangement Agreement. The Arrangement Agreement contains covenants, representations and warranties of and from each of Harvest and Viking and various conditions precedent, both mutual and with respect to each corporation.

The following is a summary of certain provisions of the Arrangement Agreement. The Arrangement Agreement is attached as Appendix D to this Information Circular and reference is made thereto for the full text thereof.