Press Release

HARVEST OPERATIONS CORP. ANNOUNCES 2013 CAPITAL BUDGET WITH FULL YEAR GUIDANCE AND OPERATIONAL UPDATE

CALGARY, ALBERTA – DECEMBER 21, 2012: Harvest Operations Corp. ("Harvest" or the "Company") (TSX: HTE.DB.E, HTE.DB.F and HTE.DB.G) announces that the Board of Directors has approved a 2013 capital expenditure budget of $733 million.

Harvest also provides an update to its disposition program of certain non-core assets and announces the resignation of a Board member.

2013 CAPITAL BUDGET AND GUIDANCE

Harvest has established a capital expenditure budget of $733 million for 2013 comprised of $615 million for Upstream oil & gas operations, including $315 million for development of the BlackGold oil sands project, and $118 million for the Downstream refining and marketing business.

Upstream Budget Highlights:

- The 2013 capital budget for the Upstream operations (excluding BlackGold) is $300 million.
- Approximately 61% is allocated to drilling activities. Harvest intends to drill 76 gross wells in 2013 and has commenced drilling 9 gross wells as part of its capital acceleration program in late 2012. Also, 12 injection wells are planned within the Hay River area.
- The 2013 drilling program will focus on crude oil opportunities in Western Canada with the exception of high volume liquids rich natural gas wells in the Deep Basin.
- BlackGold 2013 capital budget is $315 million of which 73% is allocated to the construction of the 10,000 bbl/d Phase 1 central processing facility. First steam and oil production from BlackGold is expected in 2014 and we anticipate ERCB approval for the 20,000 bbl/d Phase 2 of the project in 2013.
- Full Year production is expected to average 53,500 boe/d reflecting recent dispositions and reduction in capital spending from 2012. Operating costs for 2013 are anticipated to average $17.00/boe.

Downstream Budget Highlights:

- The 2013 capital budget for the Downstream business is $118 million. A scheduled turnaround in the second half of 2013 will utilize 68% of the budget with the remainder allocated to sustaining and reliability improvement projects.
- During the 2013 scheduled turnaround, the refinery will be completely shut down for 35 days and the Isomax and Platformer will be offline for an additional 35 days.
- For the full year 2013, throughput is anticipated to average 93,000 bbl/d, with operating costs and purchased energy costs aggregating to approximately $7.00/bbl.

OPERATIONAL UPDATE

Harvest is pleased to announce that it has closed the disposition of certain non-core assets in various areas throughout Alberta and southwest Saskatchewan for total gross cash proceeds of just over $78.5 million, subject to normal course closing adjustments. On a combined basis, these assets had current net sales volumes of approximately 1,290 boe/d.

Harvest closed the transactions in November and December 2012 and expects to close certain other minor dispositions in early 2013. The net proceeds of the transactions will be used by Harvest to reduce indebtedness outstanding under its credit facility.

Harvest will continue to execute on its previously announced asset portfolio review and other non-core disposition processes.

Additionally, Harvest would like to announce that its Board of Directors has accepted the resignation of Mr. William D. Robertson as Director and Chairman of the Audit Committee. The Board of Directors and Harvest would like to thank Mr. Robertson for his contribution to the Company during the past four years. The Compensation and Corporate Governance Committee is currently in the process of reviewing candidates for nomination the Board to replace Mr. Robertson.

CORPORATE PROFILE

Harvest is a wholly-owned subsidiary of Korea National Oil Corporation (“KNOC”). Harvest is a significant operator in Canada’s energy industry offering stakeholders exposure to an integrated structure with Upstream (exploration, development and production of crude oil, natural gas and natural gas liquids) and Downstream (refining and marketing of distillate, gasoline and fuel oil) segments. Our Upstream oil and gas production is weighted approximately 65% to crude oil and natural gas liquids and 35% to natural gas and is complemented by our long-life refining and marketing business. Harvest's outstanding debentures are traded on the TSX under the symbols "HTE.DB.E", "HTE.DB.F" and "HTE.DB.G".

KNOC is a state owned oil and gas company engaged in the exploration and production of oil and gas along with storing petroleum resources. KNOC will fully establish itself as a global government-run petroleum company by applying ethical, sustainable and environment-friendly management and by taking corporate social responsibility seriously at all times. For more information on KNOC, please visit their website at www.knoc.co.kr/ENG/main.jsp.

ADVISORY

All monetary figures reported are in Canadian dollars unless otherwise stated.

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

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

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

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