

Public Notice of Tender

Sale of All Shares of Harvest Operations Corporation

March 3, 2022

I. Overview

1. Subject of Sale

- **100% shares of Harvest Operations Corporation ("HOC")** held by Korea National Oil Corporation ("**KNOC**" or the "**Seller**")

* HOC will be reorganized to hold conventional assets only including the three main operational areas, East AB, RMH and BC and to exclude HOC's entire interest in the Deep Basin Area and the BlackGold Oilsands Area. More details on the reorganized HOC will be provided to parties who are interested in participating in the Bidding Process.

2. Financial Advisor: PricewaterhouseCoopers Corporate Finance Inc. (the "**Financial Advisor**")

3. Transaction Procedure

- As a state-owned company, KNOC is required to conform to the following statutes and regulations:

The Public Enterprise/Quasi-Government Agency Contract Rules (the "**Rules**") and the Korean Act on Contracts to Which the State is a Party (the "**State Contract Act**").

- The Public competitive bidding rules in accordance with Article 6 of the Rules (Method of Contracting) and Article 7(1) of the State Contract Act (Method of Contracting).
- The Contract through Negotiation rules in accordance with Article 43 of Enforcement Decree of the State Contract Act (Execution of Contract through Negotiation).

II. Qualification for Participation in Bidding Process: Bidder who satisfies all of the conditions set out below as of the date of submission of bidding documents

1. Person who satisfies the qualifications for participation in general competitive bidding under Article 6(3) of the Rules and Article 12 of Enforcement Decree of the State Contract Act (Qualifications for Participation in Competitive Tendering Procedures); and
2. Person who does not fall under any of the inappropriate business entities enumerated under Article 15 of the Rules and Article 27 of the State Contract Act (Restriction, Etc. on Qualification for Participation of Inappropriate Business Entities in Tendering Procedures) or Article 76 of Enforcement Decree of the State Contract Act (Restrictions on Qualification for Participation of Dishonest Business Operators in Tendering).

III. Bidding Process

1. Execution of Confidential Agreement ("CA")

- Parties who are interested in participating in the Bidding Process may receive a CA via the Financial Advisor whose contact details are shown in "IX Contact Guidelines". The Process Letter and the access to the Virtual Data Room ("**VDR**") will only be provided to the parties who execute the CA (detailed information with respect to the Bidding Process will be provided in the Process Letter).

2. Submission and Opening of Offer

- Submission Deadline: No later than 15:00 on April 8, 2022 (Korea Standard Time) or 00:00 April 8, 2022 (Mountain Daylight Time).
- Submission Method: Pursuant to Article 39(2) of Enforcement Decree of the State Contract Act, offer documents and the purchase price that must be sealed in an envelope will need to be submitted by a duly authorized representative in-person or via mail. An offer will be deemed valid if it is received by e-mail before the

Submission Deadline, as long as the original document is delivered to the Place of Submission no later than 12 noon April 8, 2022 (Calgary time). If the original documents are different from the e-mail offer, the offer will be deemed invalid.

· Place for Submission: Physically to:

PricewaterhouseCoopers Corporate Finance Inc.
111 – 5th Avenue SW, Suite 3100
Calgary, Alberta Canada T2P 5L3
Marked: "Strictly Confidential"
Attention: Josh Matthews or Bryce Heggie

Electronically to:

PricewaterhouseCoopers Corporate Finance Inc.
Josh Matthews: josh.l.matthews@pwc.com
Bryce Heggie: bryce.heggie@pwc.com

- Required Documents: offer documents. Detailed instructions outlining required contents and submission process for the offer will be provided separately to prospective bidders ("**Process Letter**").
- Time and venue for opening of offer: 10:00 am on April 11, 2022, Korea National Oil Corporation, 305 Jongga-ro, Jung-gu, Ulsan, 44538, Korea

3. Contract by Negotiation; Award

- Qualified bidders and preferred bidder shall be selected in their orders as shown in "IV Selection of Qualified and Preferred Bidder" and be notified by the Seller.
- A preferred bidder and the Seller shall negotiate a letter of intent ("**LOI**") and negotiate the terms and conditions of the share purchase agreement ("**SPA**"). If all the terms and conditions are agreed and the Seller and the bidder are prepared, willing and able to execute the SPA, the Seller shall notify the bidder and the bidder shall be considered the successful bidder, and the Seller and the bidder shall forthwith enter into the SPA.
- If a preferred bidder and the Seller fail to agree to the terms and conditions of the SPA within the period set forth in the LOI or Process Letter, a next qualified bidder in the order as shown in "IV Selection of Qualified and Preferred Bidder" shall be notified by

the Seller as a next preferred bidder and, provided such bidder still wishes to proceed with this transaction, the Seller and the bidder shall negotiate the LOI and the SPA in accordance with this section.

IV. Selection of Qualified and Preferred Bidder

1. A bidder shall be selected as Qualified Bidder if it: (i) qualifies under Article II above; (ii) substantially complies with the requirements of the Process Letter when submitting a bid; (iii) submits a bid with no financing condition; (iv) passes the technical criteria set below and (v) proposes a purchase price that is higher than the undisclosed reserve price set by the Seller prior to the submission of offer. (Separate question or comment cannot be made on the result of such selection)

· Technical Criteria for Qualified Bidder

		Bidders with upstream operations in Canada (as of the date of this notice)	Other Bidders
Financial	Criteria Threshold to Pass	Bidder LCA Financial Distress Risk Low or Medium Risk	Net Asset Value of Bidder or Bidder's Financial Backer (as of 2021 year end) More than two times the sum of the proposed purchase price plus upcoming 5 years CAPEX
	Criteria Threshold to Pass	copy of bidder current LCA Performance Group = 3 of 4 categories must be Tier 1 or Tier 2	Will not be included in technical criteria N/A
Compliance	Criteria Threshold to Pass	LMR (AER and/or OGC) is above 1.0 or if less than 1.0 security deposit with regulator is less than \$10mm	Will not be included in technical criteria N/A
Other	Criteria	Have any bidder officers or directors been involved in a company that went into insolvency with past 3 years	

Threshold		
to		
Pass	No	
Criteria	in past 4 years all surface lease rentals, property taxes and regulatory (AER) fees are paid	Will not be included in technical criteria
Threshold		
to		
Pass	paid on time and in full	N/A
Criteria	Bidder is aware of potential that AER could require security deposit for LMR below 1.0 (if situation exists)	
Threshold		
to		
Pass	Is aware and willing to pay security deposit required by AER	
Criteria	Bidder is aware of expectation of US Bonds to remain with Harvest (purchaser will have no liability for)	
Threshold		
to		
Pass	is aware and prepared to accept this condition	

2. A bidder shall submit a proposed purchase price in a separate envelope by filling out all blanks in the form provided in the Process Letter. A proposed purchase price shall be considered the final contract price, but may be adjusted subject only to the negotiation of the SPA and reasonable and satisfactory confirmatory due diligence before the SPA.

3. Prospective bidders shall submit following documents and contents, as the case may be, for the evaluation of technical criteria. Detailed fill-in form outlining required documents and contents will be provided in Process Letter separately to prospective bidders.

- proposed purchase price
- Licensee Capability Assessment Profile
- Licensee Management Rating (AER and/or OGC)
- financial statement for year 2021
- upcoming five years' of CAPEX
- any other documents required in Process Letter

4. Preferred Bidder shall be selected on the basis of the highest purchase price among Qualified Bidder(s).
5. Should there be multiple Qualified Bidders with the same highest proposed purchase price, a Qualified Bidder with higher evaluation on the technical criteria shall be selected as Preferred Bidder. Should there be multiple Qualified Bidders with the same highest proposed purchase price and the same highest evaluation, Preferred Bidder shall be selected by a draw.

V. Payment of Bid Bond and Invalidity of Offer

1. Bid Bond: In accordance with Article 2(5) of the Rules and Article 37(1), subparagraphs 1 to 3 of Article 37(2) of the Enforcement Decree of the State Contract Act, and Article 40 of the Regulations on Special Cases Concerning The Enforcement Decree of the State Contract Act, prospective purchasers submitting an offer are required to post at the time of submitting an offer either cash, payment guarantee, guarantee insurance security or substantially similar instrument an amount equivalent to or more than two point five percent (2.5%) of the proposed purchase price ("**Bid Bond**"). Bidder may submit, as a substitute for the Bid Bond, the Memorandum of Payment for Bidding Guarantee by filling out all blanks in the form provided in the Process Letter.
2. If a Preferred Bidder who enters in to the LOI with the Seller fails to negotiate the SPA in good faith, and as a result the SPA is not entered into, the Seller shall have the right to keep the bidder's Bid Bond or enforce the Memorandum of Payment for Bidding Guarantee, as the case may be. Bid Bonds posted by unsuccessful bidders will be refunded to the respective bank accounts specified in the final offer documents without interest, minus any refund fees if any such fees are incurred with regard to the refund transaction.
3. Bid Bonds posted by prospective purchasers and the Invalidity of Offers shall be dealt with in accordance with Articles 37, 38, 39 and 44 of the Enforcement Decree of the State Contract Act.

VI. Payment of Contract Deposit and Invalidity

1. Contract Deposit: In accordance with Article 2(5) of the Rules, Article 50 and Article 37(2) of the Enforcement Decree of the State Contract Act, the successful bidder will be required to post at the time of entering into the SPA, in cash, a deposit for an amount equivalent to or more than five percent (5%) of the contracted price ("**Contract Deposit**").
2. The Bid Bond posted by the successful bidder will be credited against the Contract Deposit of the bidder, who will be required to make an additional deposit for the balance of the Contract Deposit as stipulated in Article 50 of the Enforcement Decree of the State Contract Act.
3. All commercial terms relating to the Contract Deposit including forfeiture shall be in accordance with the terms of the SPA.

VII. Other Matters

1. Providing guidance on the document submission following this 'Public Notice of Tender' shall not be deemed as a subscription or solicitation of subscription under the Financial Investment Services and Capital Markets Act.
2. Any person intending to participate in the bidding shall be required to obtain full knowledge of the matters required relating to the bidding and shall be solely liable for any damages incurred in connection with his/her failure to do so.
3. The Seller explicitly reserves the right, at any time and in any respect, without liability or obligation to any participant, bidder or any other person, and without prior notice to any participant, bidder or any other person, to in its discretion or under the direction of the Seller's board of directors (i) amend, cancel, or terminate any of the procedures, structure or timeline of the bidding process, and (ii) restrict any party's access to confidential information or management (particularly having regard to commercial sensitivities). Any participant or bidder, or any of their affiliates or partners, shall be deemed to have waived all claims or liabilities against Seller or its

affiliates or their respective agents by participating in the process hereunder or by submitting a bid.

4. Each prospective purchaser shall be responsible for any expenses incurred by such prospective purchaser in connection with the Transaction.
5. All required documents including offer documents shall be submitted within the respective submission period as specified in the Process Letter; no document submission after the prescribed submission period shall be accepted.
6. Please note that the number of participants and period for a site visit can be limited during the due diligence process due to local circumstances.

VIII. Contact Guidelines

All questions concerning this Notice of Public Sale or any other aspect of the Transaction should be addressed to the following HOC or the Financial Advisor representatives only:

Name	Title	Location	Direct Line	Email
Mary Shearer	Manager A&D / Acting VP, Strategy and A&D	Calgary, Alberta	403-387-1288	A&D@harvestenergy.ca
Josh Matthews	Managing Director, Corporate Finance	Calgary, Alberta	403-870-2287	josh.I.matthews@pwc.com
Bryce Heggie	Director, Corporate Finance	Calgary, Alberta	403-862-1067	bryce.heggie@pwc.com

Address of Financial Advisor: 111 – 5th Avenue SW, Suite 3100, Calgary, Alberta, Canada T2P 5L3

March 3, 2022

Korea National Oil Corporation