Harvest OPERATIONS CORP.

Press Release

HARVEST OPERATIONS CORP. REPORTS Q1 2018 RESULTS

Calgary, Alberta – May 14, 2018: Harvest Operations Corp. ("Harvest" or the "Company") announced its financial and operating results for the first quarter ended March 31, 2018.

This press release is an overview of the first quarter results for 2018 and should be read with the unaudited condensed interim financial statements and Management's Discussion and Analysis (MD&A) for the first quarter ended March 31, 2018 available on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

All financial data has been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board except where otherwise noted. All figures reported herein are in Canadian dollars unless otherwise stated.

Q1 2018 HIGHLIGHTS:

Conventional

- Sales volumes for the three months ended March 31, 2018 decreased by 1,832 boe/d, as compared to the same period in 2017, to 25,394 boe/d. This excludes Harvest's share of the Deep Basin Partnership ("DBP") of 3,301 boe/d. This decrease was primarily due to natural declines which were partially offset by production resulting from new wells, and recent asset optimization and revitalization projects.
- Operating loss for the three months ended March 31, 2018 was $19.7 million (2017: $16.5 million). The increase in operating loss from 2017 was primarily due to higher depreciation, depletion and amortization expense.
- Capital expenditures totaled $23.9 million for the three months ended March 31, 2018, and were mainly related to drilling and completion, and recent asset optimization and revitalization projects. During the three months ended March 31, 2018, ten gross wells (6.2 net) were rig-released.
- Operating netback per boe prior to hedging for the three months ended March 31, 2018 was $14.35, a decrease of $0.26 from the same period in 2017. Operating netback per boe was relatively consistent with the prior year as increases in realized prices were offset by increased operating expenses.

Oil Sands

- Capital expenditures for the three months ended March 31, 2018 were $22.7 million (2017: $0.2 million), and mainly related to facility expenditures relating to construction and preliminary commissioning costs on the central processing facility ("CPF"). The increase in capital expenditure over the comparative period is the result of the recommencement of construction of the BlackGold Oil Sands project in the fourth quarter of 2017. Commissioning and first steam injection is expected to be completed in the second quarter of 2018, with first production anticipated in the third quarter of 2018.

Corporate

- On May 1, 2018 Harvest issued US$397.5 million 4.2% senior notes for net proceeds of US$395.8 million. The 4.2% senior notes are unsecured and mature on June 1, 2023, with interest payable semi-annually. The notes are unconditionally and irrevocably guaranteed by KNOC. On May 11, 2018 Harvest entered into an agreement to borrow $300 million through a five year term loan at a variable rate. The term loan is guaranteed by KNOC and contains no financial covenants. On May 11, 2018 the loan was fully drawn. Proceeds from the senior notes and term loan were used to repay the 2⅛% senior notes that matured on May 14, 2018. On May 14, 2018 Harvest repaid the 2⅛% senior notes.

HARVEST 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 exploration, development and production of crude oil and natural gas (Upstream) and an oil sands project under construction and development in northern Alberta (BlackGold).

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

Certain information in this press release contains forward-looking information that involves risk and uncertainty. 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. Such risks and uncertainties in respect of such forward-looking information include, but are not limited to, risks associated with: imprecision of reserve estimates; conventional oil and natural gas operations; 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.

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.

FOR FURTHER INFORMATION PLEASE CONTACT:

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