Press Release

HARVEST OPERATIONS CORP. REPORTS Q2 2018 RESULTS

Calgary, Alberta – August 2, 2018: Harvest Operations Corp. (“Harvest” or the “Company”) announced its financial and operating results for the second quarter ended June 30, 2018.

This press release is an overview of the second 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 second quarter ended June 30, 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.

Q2 2018 HIGHLIGHTS:

Conventional

- Sales volumes for the quarter decreased by 1,297 boe/d to 25,027 barrels of oil equivalent (“boe/d”). This excludes Harvest's share of Deep Basin Partnership ("DBP") of 3,309 boe/d (3,988 boe/d gross). The decrease was primarily due to natural declines, partially offset by additional volumes resulting from asset optimization and revitalization projects, and new wells.
- Operating loss for the three and six months ended June 30, 2018 was $22.8 million and $42.3 million, respectively (2017: $33.5 million and $50.2 million, respectively). The decreases in operating loss from 2017 were primarily due to increased revenues and decreased depreciation, depletion and amortization, partially offset by increased operating expenses.
- Capital expenditures totaled $6.9 million and $30.7 million for the three and six months ended June 30, 2018, respectively, and were primarily related to drilling and completion, and asset optimization and revitalization projects. During the three months ended June 30, 2018, Harvest rig released one gross (0.4 net) partner operated horizontal well in the Rocky Mountain House area. During the six months ended June 30, 2018, Harvest rig released eleven gross wells (6.6 net). The wells drilled included three (2.0 net) horizontal wells in the Royce area, two (1.0 net) partner operated horizontal wells in the Rocky Mountain House area, five (2.7 net) partner operated horizontal wells in the Deep Basin area and one horizontal well in the Loon area.
- Operating netback per boe prior to hedging for the three months ended June 30, 2018 was $15.87, an increase of $2.83 from the same period in 2017. Operating netback per boe prior to hedging for the six months ended June 30, 2018 was $15.12, an increase of $1.31 from the same period in 2017. These increases were mainly due to an increase in petroleum and natural gas sales prices per boe, partially offset by an increase in operating expenses per boe.

Oil Sands

- Capital expenditures for the three and six months ended June 30, 2018 were $36.9 million and $59.7 million, respectively, (2017: $0.1 million and $0.2 million, respectively) and mainly related to facility expenditures relating to construction and commissioning costs on the central processing facility ("CPF"). During the quarter, Harvest injected first steam into the well pairs of its Oil Sands project.

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 and were repaid on May 14, 2018. On May 15, 2018, Harvest entered into an interest rate swap agreement that results in an all-in fixed interest rate of 3.971% for the duration of the term.

Executive and Board of Directors changes

- Harvest is pleased to announce that Mr. Byeongil Kim has been appointed President & Chief Executive Officer ("CEO") and Director and Mr. Cheolwoong Choi has been appointed as Chief Financial Officer ("CFO") and Director, respectively. Mr. Sungki Lee completed his secondment in Canada and was reassigned back to the headquarters of Harvest's parent company Korea National Oil Corporation ("KNOC") in Ulsan, South Korea. As a result, Mr. Lee tendered his resignation as Harvest's Acting President & CEO and CFO. Harvest would like to thank Mr. Lee for his time with the Company.
- Additionally, Harvest is pleased to announce that Mr. Ohkyeu Baek and Mr. Keon Mug Lim have agreed to join the Corporation's Board of Directors. Harvest would like to thank Mr. Seungkook Lee and Mr. Jaegu Nam for their contributions to the Company. Harvest's board is now led by the Chairman Mr. Ohkyeu Baek and includes Mr. Byeongil Kim, Mr. Allan Buchignani, Mr. Randall Henderson, Mr. Richard Kines, Mr. Dae-Jung Hong, Mr. Cheolwoong Choi and Mr. Keon Mug Lim.

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.

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