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## **HARVEST OPERATIONS CORP. REPORTS 2018 YEAR END RESULTS**

Calgary, Alberta – February 14, 2019: Harvest Operations Corp. (“Harvest” or the “Company”) announced its financial and operating results for the fourth quarter and full year ended December 31, 2018.

This press release is an overview of the fourth quarter and full year results for 2018 and should be read with the audited consolidated financial statements and Management’s Discussion and Analysis (MD&A) for the fourth quarter and full year ended December 31, 2018 available on the System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://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.

### **2018 HIGHLIGHTS:**

#### **Conventional**

- Sales volumes for the three and twelve months ended December 31, 2018 were 23,580 boe/d and 24,632 boe/d, a decrease of 2,322 boe/d and 1,956 boe/d, respectively, as compared to the same periods in 2017. Including Harvest’s share of Deep Basin Partnership (“DBP”) volumes for the three and twelve months ended December 31, 2018 was 28,760 boe/d and 28,429 boe/d, respectively.
- Operating loss for the three and twelve months ended December 31, 2018 was \$10.6 million and \$127.9 million, respectively (2017: \$176.2 million and \$271.6 million, respectively). The decreases in operating loss from 2017 were primarily due to reduced impairment expenses in conventional and the DBP partnership, which also led to a reduced loss from joint ventures, as well as an unrealized derivative contract gain reflected in the current periods.
- Capital expenditures totaled \$13.2 million and \$56.2 million for the three and twelve months ended December 31, 2018 were primarily related to drilling and completions. Capital expenditures for the twelve month period ended December 31, 2018, were primarily related to drilling and completions.
- During the three months ended December 31, 2018, Harvest rig released seven gross wells (2.1 net). These wells included three gross (0.9 net) partner operated horizontal wells in the Rocky Mountain House area, and four gross (1.2 net) horizontal wells in the Royce area. During the twelve months ended December 31, 2018, Harvest rig released twenty four gross wells (11.6 net). The wells rig released included eight (4.2 net) horizontal wells in the Royce area, ten (3.8 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.

#### **Oil Sands**

- Capital expenditures for the three and twelve months ended December 31, 2018 were \$8.8 million and \$94.1 million, respectively, (2017 - \$3.8 million and \$4.6 million, respectively). The capital expenditures for the three months ended December 31, 2018 primarily related to startup of the central processing facility (“CPF”). The capital expenditures for the twelve months ended December 31, 2018, mainly related to construction activities, pre-commissioning, commissioning, and start-up costs of the CPF. During the quarter,

Harvest continued production ramp up of its BlackGold Oil Sands project and achieved bitumen production of 5,604 barrels of oil per day (bbl/d) for the month of December.

- Operating losses for the three and twelve months ended December 31, 2018 were \$18.8 million and \$24.9 million, respectively (2017: \$2.7 million and \$12.6 million, respectively). Operating losses increased as compared to the same periods in 2017 as a result of the capitalization period of the Oil Sands operation coming to an end as the asset is now operating as intended by management, and because of the price collapse of heavy oil experienced in November and December of 2018.

#### **Corporate**

- Effective November 15, 2018, Harvest restructured certain executive management positions. The officer positions of Chief Operating Officer, Oil Sands and Chief Operating Officer, Conventional Oil & Gas merged into a single position with the title of Chief Operating Officer (“COO”). The Board of Directors confirm the following positions:
  - Mr. Paul Vander Valk appointed Chief Operating Officer;
  - Mr. James (Jim) Causgrove is no longer an officer of the Corporation, however, remains as an Advisor to the COO; and
  - Mr. Jon Lowes, former Vice President, Land is no longer an officer of the Corporation.

Effective December 10, 2018, the officer position of General Counsel and Corporate Secretary was retitled Vice President, Legal - General Counsel & Corporate Secretary and the Board of Directors appointed Mr. Jean-Pierre Pham replacing Mr. Mark Tysowski. Mr. Pham was previously a partner at a major law firm in Calgary, with 20 years of experience in energy and corporate commercial law.

Mr. Byeongil Kim, President & CEO commented “on behalf of the Board of Directors, I would like to thank Mr. Mark Tysowski and Mr. Jon Lowes for their valuable contributions to Harvest and we wish them the best in their future endeavors.”

- At December 31, 2018, Harvest had \$386.8 million drawn under the credit facility (December 31, 2017: \$190.6 million) excluding letters of credit of \$13.6 million (December 31, 2017: \$14.9 million).
- Subsequent to December 31, 2018, the Company received a production curtailment order from the Alberta Government. Currently, the Company does not believe the production curtailment order will have a material impact for 2019 and is fully cooperating with the Alberta Government. Harvest will be prepared to adjust its 2019 work plan and budget program, if and as required.

#### **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 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](http://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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