Harvest OPERATIONS CORP.

Press Release

HARVEST OPERATIONS CORP. REPORTS 2019 YEAR END RESULTS

Calgary, Alberta – February 25, 2020: Harvest Operations Corp. (“Harvest” or the “Company”) announced its financial and operating results for the fourth quarter and full year ended December 31, 2019.

This press release is an overview of the fourth quarter and full year results for 2019 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, 2019 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.

2019 HIGHLIGHTS:

Conventional

- Total sales volumes for the three and twelve months ended December 31, 2019 were 20,380 barrels of oil equivalent (“boe/d”) and 25,322 boe/d respectively, including Harvest's share of Deep Basin Partnership ("DBP") which was 3,228 boe/d and 3,852 boe/d respectively . Sales volumes for the three and twelve months ended December 31, 2019 decreased by 8,380 boe/d and 3,107 boe/d, respectively, as compared to the same periods in 2018. The decreases are primarily due to natural declines, third party turnarounds, forest fires in Northern Alberta during May and June 2019 resulting in shut-ins and non-core asset sales during the second and fourth quarter of 2019. The decreases in production were partially offset by production from new wells drilled in the fourth quarter of 2018 and Harvest’s participation in four gross non-operated wells in 2019.
- Operating income (loss) for the three and twelve months ended December 31, 2019 were $45.0 million of income (2018 -$12.2 million) and $26.1 million loss (2018 - $127.9 million loss), respectively. Operating income for the three months ended December 31, 2019 were higher than the prior comparative period in 2018 due to increased income from joint ventures partially offset by increased impairment expenses. The decrease in the operating loss for the twelve months ended December 31, 2019 was primarily due to increased income from joint ventures and decreased impairment expense partially offset by decreased revenue and an increase derivative contract losses.
- Capital expenditures totaled $2.9 million and $16.7 million for the three and twelve months ended December 31, 2019. Capital expenditures during the twelve months ended December 31, 2019 were mainly related to drilling and completions for wells drilled during the fourth quarter of 2018, four gross partner operated wells drilled in 2019 and asset optimization and revitalization projects. During the three and twelve months ended December 31, 2019 2.0 gross wells (0.5 net) and 4.0 gross (1.1 net) wells were rig-released, respectively.
- Operating netback per boe prior to hedging for the three and twelve months ended December 31, 2019 was $14.13/boe (2018: $1.28/boe loss) and $12.15/boe (2018: $11.83/boe), respectively.

Oil Sands

- Sales volumes of blended bitumen for the three and twelve months ended December 31, 2019 were 9,394 bbl/d and 8,440 bbl/d, respectively (2018 – 3,120 bbl/d and 3,210 bbl/d), with 13 well pairs converted to SAGD operations by December 31, 2019. During the month of October 2019, BlackGold produced in excess of 10,000 bbl/d, surpassing the original design capacity for that period.
- Operating netback per barrel prior to hedging for the three and twelve months ended December 31, 2019 were $18.80/bbl (2018 – $0.43/bbl loss) and $16.54/bbl (2018 – $0.43/bbl loss), respectively.
- Capital expenditures for the three and twelve months ended December 31, 2019 were $3.4 million (2018 - $8.8 million) and $7.2 million (2018 - $94.1 million), respectively. The decrease in capital expenditures over the comparative periods is the result of completing facility construction and commissioning during the first half of 2018 and continued capitalization of operating losses until the fourth quarter of 2018.
- Operating loss for the three and twelve months ended December 31, 2019 were $3.2 million (2018 - $18.8 million) and $9.7 million (2018 - $24.9 million), respectively.

Corporate

- On February 24, 2020, Harvest and the Korean based bank agreed to amend and extend the $500 million term loan. The maturity date was extended to February 24, 2021 and the interest rate on the term loan was reduced to 2.25%. The term loan continues to be guaranteed by KNOC and contains no financial covenants.
- At December 31, 2019, Harvest had $457.3 million drawn under the credit facility (December 31, 2018 - $386.8 million) excluding letters of credit totaling $10.3 million (December 31, 2018 - $15.1 million).
- On August 20, 2019, the Alberta Government's mandatory oil production curtailment was extended to December 31, 2020. Harvest's physical oil production was not impacted by the mandated production curtailment during the twelve months ended December 31, 2019. Currently, the Company does not believe the production curtailment order will have a material impact on 2020 production. Harvest is fully cooperating with the Alberta Government and will be prepared to adjust its 2020 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.

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:

Harvest Operations Corp.

INVESTOR & MEDIA CONTACT:

Toll Free Investor Mailbox: (866) 666-1178
Email: investor.relations@harvestenergy.ca

Harvest Operations Corp.
1500, 700 – 2nd Street S.W.
Calgary, AB Canada T2P 2W1
Website: www.harvestoperations.com