



HARVEST OPERATIONS REPORTS Q3 2017 RESULTS

CALGARY, ALBERTA – NOVEMBER 8, 2017: Harvest Operations Corp. ("Harvest" or the "Company") announced its financial and operating results for the third quarter ended September 30, 2017.

This press release is an overview of the third quarter results for 2017 and should be read with the unaudited condensed interim consolidated financial statements and Management's Discussion and Analysis (MD&A) for the third quarter ended September 30, 2017 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.

Q3 2017 HIGHLIGHTS:

Conventional

- Petroleum and natural gas sales volumes for the three months ended September 30, 2017 was 26,912 boe/d, a decrease of 3,139 boe/d, as compared to the same period in 2016. The decrease was primarily due to dispositions of certain producing properties during 2016 and natural declines, which were partially offset by production resulting from new wells drilled and completed over the fourth quarter of 2016, and the first nine months of 2017.
- Harvest's share of Deep Basin Partnership ("DBP") sales volumes for the three months ended September 30, 2017 of 4,220 boe/d decreased by 484 boe/d as compared to the same period in 2016. This decrease was primarily due to natural declines, as well as downtime for maintenance and third party restrictions in the third quarter of 2017, partially offset by production added by new wells drilled in the fourth quarter of 2016.
- Operating loss for the quarter was \$45.3 million (Q3 2016: \$40.6 million). The increase in operating loss from 2016 was primarily due to reduced petroleum and natural gas sales and gains on disposition of assets, partially offset by a decrease in royalties, depreciation, depletion and amortization, and loss on onerous contract.
- Capital asset additions totalled \$10.9 million for the quarter and were mainly related to drilling and completion, well equipment, pipelines and facilities. Two gross wells (2 net) were rig-released for the three months ended September 30, 2017.
- Operating netback per boe prior to hedging for the three months ended September 30, 2017 was \$10.84, a decrease of \$2.32 from the same period in 2016. This decrease in netback per boe is mainly due to a decrease in petroleum and natural gas sales per boe, and increases in operating expenses per boe and transportation and marketing per boe, partially offset by a decrease in royalties per boe.
- Cash contributions from Harvest's Conventional operations for the quarter was \$19.1 million (Q3 2016: \$25.1 million). The decrease in cash contributions for the three months ended September 30, 2017 was mainly due to a decrease in revenues and other income, and increases in operating expenses and transportation and marketing expenses, partially offset by a reduction in general and administrative costs.

Oil Sands

- Pre-operating losses for the three months ended September 30, 2017 was \$2.9 million (Q3 2016: \$2.8 million). The pre-operating losses were mainly due to pre-operating and general and administrative expenses.
- The BlackGold Phase 1 central processing facility ("CPF") was substantially completed in early 2015, but completion of sanctioning and commissioning activities was subsequently postponed due to the bitumen price environment. Harvest plans to complete sanctioning and re-commence commissioning activities in the fourth quarter of 2017.

Corporate

- On September 21, 2017, Harvest issued US \$285 million 3% senior notes due September 21, 2022 that are unconditionally and irrevocably guaranteed by KNOC. Subsequent to September 30, 2017, the proceeds of this issuance were used to repay the US \$282.5 million 67/8% senior notes on October 2, 2017. This refinancing provides significant savings to Harvest by reducing interest expense by approximately US \$10.9 million annually, and is further evidence of KNOC's continuing support of Harvest. On November 6, 2017, the company issued an additional US\$200 million of 3% senior notes due September 21, 2022. The proceeds from the upsized offering will be used for general corporate purposes, including to fund the completion and commissioning of Harvest's BlackGold oil sands project.
- The strengthening of the Canadian dollar against the U.S. dollar for the three months ended September 30, 2017 resulted in net unrealized foreign exchange gains of \$38.1 million (2016 - \$36.4 million loss).

FINANCIAL & OPERATING HIGHLIGHTS:

	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	2017	2016
Conventional				
Petroleum and natural gas sales	69.2	78.5	235.2	231.5
Daily sales volumes (boe/d) ⁽¹⁾	26,912	30,051	26,819	33,812
Deep Basin Partnership				
Daily sales volumes (boe/d)	5,112	5,735	6,250	5,885
Harvest's share of daily sales volumes (boe/d) ⁽³⁾	4,220	4,704	5,157	4,826
Average realized price ⁽²⁾				
Oil and NGLs (\$/bbl)	43.22	39.31	45.49	35.10
Gas (\$/mcf)	1.63	2.11	2.52	1.66
Operating netback prior to hedging(\$/boe) ⁽³⁾	10.84	13.16	12.81	8.69
Operating loss	(45.3)	(40.6)	(95.5)	(190.6)
Cash contribution from operations ⁽³⁾	19.1	25.1	59.8	41.3
Capital asset additions (excluding acquisitions)				
Property dispositions, net	—	(31.5)	—	(170.2)
Net wells drilled	2.0	—	4.7	0.3
Oil Sands				
Capital asset additions (dispositions)	0.6	(0.1)	0.8	—
Pre-operating loss ⁽³⁾	(2.9)	(2.8)	(9.9)	(10.0)
NET LOSS	(17.6)	(106.9)	(75.0)	(185.7)

(1) Excludes volumes from Harvest's equity investment in the Deep Basin Partnership.

(2) Excludes the effect of derivative contracts designated as hedges.

(3) This is a non-GAAP measure; please refer to "Non-GAAP Measures" in the MD&A.

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 constitute "forward-looking statements" which involve known and unknown risks, uncertainties and other factor that may cause actual results to be materially different from future results, performance or achievements expressed or implied by such statements. Words such as "expects", "anticipates", "projects", "intends", "plans", "will", "believes", "seeks", "estimates", "should", "may", "could", and variations of such words and similar expressions are intended to identify such forward-looking statements.

Readers are cautioned that the forward-looking information may not be appropriate for other purposes and the actual results may differ materially from those anticipated. Although management believes that the forward-looking information is reasonable based on information available on the date such forward-looking statements were made, no assurances can be given as to future results, levels of activity and achievements. Therefore, 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. Although we consider such information reasonable at the time of preparation, it 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, estimates or opinions change, except as required by law. 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:

Greg Foofat

Manager, Investor Relations and Corporate Communications

Harvest Operations Corp.

Toll Free Investor Mailbox: (866) 666-1178

Email: investor.relations@harvestenergy.ca

Website: www.harvestoperations.com