Press Release

HARVEST OPERATIONS CORP. REPORTS 2017 YEAR END RESULTS

Calgary, Alberta – February 15, 2018: Harvest Operations Corp. ("Harvest" or the "Company") announced its financial and operating results for the fourth quarter and full year ended December 31, 2017.

This press release is an overview of the fourth quarter and full year results for 2017 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, 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.

2017 HIGHLIGHTS:

Conventional

- Sales volumes for the three and twelve months ended December 31, 2017 were 25,902 boe/d and 26,588 boe/d, a decrease of 687 boe/d and 5,408 boe/d, respectively, as compared to the same periods in 2016. The decrease for the three months ended December 31, 2017 was primarily due to natural declines which were partially offset by production resulting from new wells drilled and completed over the fourth quarter of 2016 and the twelve months of 2017. The decrease for the twelve months ended December 31, 2017 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 twelve months of 2017.
- Harvest's share of Deep Basin Partnership ("DBP") volumes for the three months ended December 31, 2017 was 3,618 boe/d, a decrease of 953 boe/d as compared to the same period in 2016. This decrease was primarily due to natural declines, downtime for maintenance and third party restrictions, partially offset by production added by new wells drilled in the fourth quarter of 2016 that began producing in the first quarter of 2017. For the twelve months ended December 31, 2017, Harvest's share of DBP volumes increased 7 boe/d to 4,769 boe/d, primarily due to an increase in Harvest's ownership interest.
- Operating loss for the three months ended December 31, 2017 was $176.2 million (2016: $75.7 million). The increase in operating loss from 2016 was primarily due to higher impairment and loss from joint ventures, partially offset by reduced depreciation, depletion and amortization expense, exploration and evaluation expense, and transportation and marketing expenses. Operating losses for the twelve months ended December 31, 2017 was $271.6 million (2016: $266.3 million). The increase in operating loss compared to 2016 was primarily due to an increase in impairment and loss from joint ventures, partially offset by a decrease in depreciation, depletion and amortization expense, exploration and evaluation expense, general and administration expense, and a decrease in loss on onerous contract.
- Capital asset additions totaled $30.1 million and $65.6 million for the three and twelve months ended December 31, 2017, respectively, and were mainly related to drilling and completion, well equipment, pipelines and facilities. During the three and twelve months ended December 31, 2017, five gross wells (5 net) and twelve gross wells (9.7 net), respectively, were rig-released.

- Operating netback per boe prior to hedging for the three months ended December 31, 2017 was $15.04, a decrease of $0.93 from the same period in 2016. This decrease was mainly due to a decrease in petroleum and natural gas sales prices per boe and an increase in royalties per boe and, partially offset by a decrease in transportation and marketing expense per boe. Operating netback per boe prior to hedging for the twelve months ended December 31, 2017 was $13.35, an increase of $3.13 from the same period in 2016. This increase is mainly due to an increase in petroleum and natural gas sales prices per boe partially offset by higher operating expenses per boe, higher per royalties per boe and higher transportation and marketing expense per boe.

Oil Sands

- On December 21, 2017, Harvest announced its decision to re-sanction and complete construction of its 10,000 bbl/d BlackGold facility due to an improved bitumen price environment. Commissioning and first steam injection are expected to be completed in the second quarter of 2018, with first production anticipated in the third quarter of 2018.
- Mr. Paul Vander Valk joined the Company as Chief Operating Officer, Oil Sands. Mr. Vander Valk has over 20 years of progressive oil sands experience and joined Harvest with the responsibility to develop and operate the BlackGold oil sands assets. Prior to joining Harvest, he worked for Cenovus Energy, developing & operating their industry leading SAGD projects in various leadership positions; most recently as Vice President, Production Systems. Over his career he has also worked on various SAGD pilots and technologies at Gulf Canada Resources, Rio Alto Exploration and Nexen Inc. Mr. Vander Valk has a degree in Civil Engineering from the University of Calgary, is a registered Professional Engineer with APEGA and received a MBA from Edinburgh Business School.

Corporate

- Mr. Jim Causgrove joined Harvest as Chief Operating Officer, Conventional. Mr. Causgrove brings over 35 years of technical and executive experience. Mr. Causgrove held senior executive positions at Pengrowth Corporation from 2005 to 2015. Prior thereto, Mr. Causgrove served as Senior Vice President and Chief Operating Officer of SemCAMS, ULC. and also served over 25 years of with Chevron, where he served as Manager of New Growth Opportunities Group and Senior Vice President and Chief Operating Officer of Central Alberta Midstream and is currently an Independent Director of Serinus Energy Inc. since September 2017. Mr. Causgrove holds Bachelor of Science in Chemical Engineering from the University of Alberta and is a Registered Professional Engineer.
- On September 21, 2017, Harvest issued US $285 million 3% senior notes due September 21, 2022 that are unconditionally and irrevocably guaranteed by KNOC. The proceeds of this issuance were used to repay the US $282.5 million 6⅞% 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, Harvest issued an additional US $200 million of 3% senior notes due September 21, 2022 for net proceeds of US $198.5 million. The proceeds from the upsized offering will be used for general corporate purposes, including funding the completion and commissioning of Harvest’s BlackGold oil sands project.

FINANCIAL AND OPERATING HIGHLIGHTS

	Three Months Ended December 31		Twelve Months Ended December 31	
	2017	2016	**2017**	2016
Conventional				
Petroleum and natural gas sales	**83.2**	90.8	**318.4**	322.3
Daily sales volumes (boe/d)(1)	**25,902**	26,589	**26,588**	31,996
Deep Basin Partnership				
Daily sales volumes (boe/d)	**4,381**	5,553	**5,779**	5,802
Harvest's share of daily sales volumes (boe/d) (3)	**3,618**	4,571	**4,769**	4,762
Average realized price(2)				
Oil and NGLs ($/bbl)	**52.86**	45.12	**47.36**	37.14
Gas ($/mcf)	**1.78**	4.27	**2.35**	2.22
Operating netback prior to hedging($/boe)(3)	**15.04**	15.97	**13.35**	10.22
Operating loss(3)	**(176.2)**	(75.7)	**(271.6)**	(266.3)
Cash contribution from operations(3)	**24.5**	33.3	**84.3**	74.6
Capital expenditures	**30.1**	13.7	**65.6**	19.0
Property dispositions, net(4)	**(0.4)**	—	**(0.4)**	(170.2)
Net wells drilled	**5.0**	2.1	**9.7**	2.4
Oil Sands				
Capital expenditures	**3.8**	1.9	**4.6**	1.9
Pre-operating loss(3)	**(2.7)**	(3.5)	**(12.6)**	(13.5)
NET LOSS	**(207.3)**	(162.5)	**(282.2)**	(348.2)

(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.
(4) This represents the historical cost of oil and gas assets disposed net of accumulated depreciation and depletion.

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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