

FORM 51-102F3
MATERIAL CHANGE REPORT

1. Name and Address of Company:

Harvest Operations Corp. ("**Harvest**" or the "**Corporation**")
1500, 700 – 2nd Street S.W.
Calgary, Alberta T2P 2W1

2. Date of Material Change:

May 16, 2016.

3. News Release:

A news release disclosing the nature and substance of the change described in this material change report was issued on May 16, 2016 through the facilities of Marketwire.

4. Summary of Material Change:

On May 16, 2016, Harvest announced the commencement of an offer to exchange (the "Exchange Offer") any and all of its outstanding 67/8% Senior Notes due 2017 (the "Old Notes") for the amount shown in the table below of new 2.33% Guaranteed Notes due 2021 (the "New Notes") issued by Harvest and unconditionally and irrevocably guaranteed (such guarantee, the "Guarantee") by Korea National Oil Corporation ("KNOC"). The New Notes will be Harvest's unsecured senior obligations and will rank equally with its existing and future unsecured senior indebtedness. The Guarantee will be KNOC's unsecured senior obligations and will rank equally with its existing and future unsecured senior indebtedness (subject to certain statutory exceptions under the laws of Korea).

Concurrently with the Exchange Offer, Harvest is soliciting consents (the "Consent Solicitation") to adopt amendments to the indenture governing the Old Notes, which include eliminating certain of the covenants therein (the "Proposed Amendments"), from Eligible Holders (as defined below) to whom it is making the Exchange Offer.

The Exchange Offer and Consent Solicitation are being made pursuant to the terms and subject to the conditions set forth in an offering memorandum and consent solicitation statement dated May 16, 2016 (as amended or supplemented from time to time, the "Offering Memorandum") and the related letter of transmittal, and where applicable, the Canadian private placement memorandum.

5. Full Description of Material Change:

Exchange Offer

Title of Security	CUSIP and ISIN Numbers	Aggregate Amount Outstanding	Principal Outstanding	Principal Amount of New Notes ⁽¹⁾		
				Exchange Consideration	Early Tender Premium	Total Exchange Consideration ⁽²⁾
67/8% Senior Notes due 2017	CUSIP: 41754WAN1 ISIN: US41754WAN11	\$500,000,000		\$870	\$30	\$900

- (1) For each \$1,000 principal amount of Old Notes accepted for exchange.
- (2) Includes Early Tender Premium.

The Exchange Offer and Consent Solicitation will expire at 11:59 p.m., New York City time, on June 13, 2016, unless extended (such date and time, as the same may be extended, the “Expiration Time”). To be eligible to receive the Total Exchange Consideration, which includes the Early Tender Premium set forth in the table above, Eligible Holders must validly tender and not validly withdraw their Old Notes at or prior to 5:00 p.m., New York City time, on May 27, 2016, unless extended (such date and time, as the same may be extended, the “Early Tender Time”). Tenders of any Old Notes may not be withdrawn after the earlier of (i) 5:00 p.m., New York City time, on May 27, 2016, and (ii) the effectiveness of the supplemental indenture to the Indenture implementing the Proposed Amendments, unless extended, except in certain limited circumstances set forth in the Offering Memorandum. Eligible Holders may not deliver a consent to the Proposed Amendments in the Consent Solicitation without tendering Old Notes in the Exchange Offer and may not tender Old Notes in the Exchange Offer without delivering a consent to the Proposed Amendments in the Consent Solicitation.

Harvest encourages Eligible Holders to tender early. Eligible Holders will be eligible to receive the Early Tender Premium set forth in the table above for Old Notes tendered at or before the Early Tender Time and not validly withdrawn. Eligible Holders who validly tender their Old Notes after the Early Tender Time but before the Expiration Time will receive the Exchange Consideration set forth in the table above but will not be eligible to receive the Early Tender Premium.

The Exchange Offer and Consent Solicitation are subject to conditions, including a requirement, unless waived by Harvest, that it receives consents to the Proposed Amendments from holders of a majority of the outstanding principal amount of the Old Notes. Prior to launching the Exchange Offer and Consent Solicitation, an Eligible Holder that holds approximately 41% of the aggregate principal amount of the outstanding Old Notes has agreed with Harvest to validly tender and not withdraw the amount of Old Notes that it holds in the Exchange Offer and validly deliver and not revoke corresponding consents to the Proposed Amendments.

The settlement date (the “Settlement Date”) for the Exchange Offer and Consent Solicitation will be promptly following the Expiration Time and is expected to be within three business days after the Expiration Time. In addition to the Exchange Consideration or Total Exchange Consideration, as applicable, Harvest will pay in cash accrued and unpaid interest on Old Notes accepted in the Exchange Offer from the applicable last interest payment date to, but not including the Settlement Date. Interest on the New Notes will accrue from the Settlement Date.

Only holders of Old Notes who certify, by visiting the eligibility website at <http://www.dfking.com/harvest>, that they are (i) “qualified institutional buyers” within the meaning of Rule 144A under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or (ii) not “U.S. persons” and are outside of the United States within the meaning of Regulation S under the Securities Act (such persons, “Eligible Holders”), are authorized to receive and review the Offering Memorandum and to participate in the Exchange Offer and Consent Solicitation. To the extent the holder of Old Notes is a resident of Canada, such holder must also certify that it is an “accredited investor” as defined under National Instrument 45-106 — Prospectus Exemptions (“NI 45-106”), and, if required by a dealer manager that is relying on the “International Dealer” exemption in Canada, that such holder also qualifies as a “permitted client” as defined under National Instrument 31-103 — *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

Neither the New Notes nor the Guarantee has been or will be qualified for distribution under applicable Canadian securities laws. The New Notes are being offered in the provinces and territories of Canada (other than Nunavut and Yukon) on a private placement basis in accordance with National Instrument 45-106 — Prospectus Exemptions of the Canadian Securities Administrators (“NI 45-106”) without the filing of a prospectus. Neither the New Notes nor the Guarantee has been registered under the Securities Act, or any state securities laws of the United States, and they may not be offered or sold directly or indirectly within the United States or to or for the account or benefit of a U.S. person except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

6. Reliance on Subsection 7.1(2) of National Instrument 51-102:

N/A

7. Omitted Information:

N/A

8. Executive Officer:

For further information, please contact Grant Ukrainetz, Vice President, Finance, by telephone at (403) 265-1178

9. Date of Report:

May 16, 2016.

ADVISORY:

Certain information in this report constitutes “forward-looking statements” which involve known and unknown risks, uncertainties and other factors 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. A further list and description of risks, uncertainties and other matters regarding Harvest, KNOC, the Exchange Offer and Consent Solicitation, the New Notes and the Guarantee can be found in the Offering Memorandum.

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.