May 10, 2012

# Harvest Natural Resources Announces 2012 First Quarter Results

HOUSTON, May 10, 2012 /PRNewswire/ -- Harvest Natural Resources, Inc. (NYSE: HNR) today announced 2012 first quarter earnings and provided an operational update.

Harvest reported a first quarter loss of approximately $1.4 million, or $0.04 per diluted share, compared to earnings of $1.1 million, or $0.03 per diluted share, for the same period last year. The first quarter results included exploration charges of $1.4 million, or $0.04 per diluted share, dry hole expense related to the Oman and Indonesian wells of $5.5 million, or $0.16 per diluted share, and debt conversion expense, most of which was a non cash item, of $2.4 million, or $0.07 per diluted share. Adjusted for exploration charges, dry hole expense and debt conversion expense, first quarter 2012 earnings would have been $7.9 million, or $0.23 per diluted share.

Petrodelta reported earnings during the first quarter of $52.5 million, $16.8 million net to Harvest's 32 percent interest, under International Financial Reporting Standards (IFRS). After adjustments to Petrodelta's IFRS earnings, primarily to conform to U.S. GAAP, Harvest's 32 percent share of Petrodelta's earnings was $13.4 million.

Highlights for the first quarter of 2012 include:

**Venezuela**

- During the first three months of 2012, Petrodelta drilled and completed four wells and sold approximately 2.98 million barrels of oil (MMBO) for a daily average of approximately 32,700 barrels of oil per day (BOPD), an increase of 14 percent over the same period in 2011;
- Successfully drilled a second horizontal well in Isleno Field; the field is producing 2,100 BOPD;
- Completed two re-entries and seven well services during the first quarter;
- Petrodelta's current production rate is approximately 35,000 BOPD;
- Facility expansion work at El Salto and Temblador Fields is underway;
- 2012 expected average production rate is 40,300 BOPD with capital expenditures projected at $300 million;
- Exclusive negotiations for the possible sale of Harvest's 32 percent interest in Petrodelta are ongoing.

Gabon

- Currently negotiating to enter the Exclusive Exploration Authorization for a third period of four years, effective May 28, 2012;
- Processing of approximately 545 square kilometers of Central 3-D seismic acquired during the fourth quarter of 2011 expected to be completed in June 2012; reprocessing of approximately 1,300 square kilometers of 2005 Inboard 3-D expected to begin in June 2012.

Indonesia

- License commitments fulfilled; planning to request a four year extension at the end of the initial six year term which expires January 16, 2013;
- Prospects and leads being matured in the Lariang and Karama Basins;
- Exploration well planned in 2013.

Oman

- Work commitment fulfilled;
- One year extension granted until March 2013.

Corporate

- Entered into equity distribution agreement with Knight Capital America, LP relating to an "at the market" (ATM) offering of Harvest's common shares having an aggregate sales price of up to $75.0 million;
- Entered into exchange agreements with certain existing noteholders of our 8.25% senior convertible notes to exchange $15,984,000 principal amount of the notes for 2,875,357 shares of common stock;
- Approximately $15,550,000 of senior convertible debt remains outstanding.

VENEZUELA
During the three months ended March 31, 2012, Petrodelta sold approximately 2.98 MMBO for a daily average of 32,700 BOPD, an increase of 14 percent over the same period in 2011 and remaining at the same level as the previous quarter. Petrodelta also sold 0.6 billion cubic feet (BCF) of natural gas for a daily average of 6.9 million cubic feet per day (MMCFD), an increase of 33 percent over the same period in 2011, and a decrease of 16 percent over the previous quarter. Petrodelta's current production rate is approximately 35,000 BOPD.

During the first quarter of 2012, Petrodelta drilled and completed four wells. Two wells were development wells drilled in the Temblador Field. One development well was drilled in the El Salto Field and the fourth well was drilled in the Isleno Field. Currently, Petrodelta is operating two drilling rigs and one workover rig and is continuing with infrastructure expansion projects in the El Salto and Temblador Fields.

During the quarter Petrodelta drilled and completed a second well, ILM-9, in the Isleno Field. The current production from the Isleno Field is approximately 2,100 BOPD which is being trucked to the Uracoa Field. Plans are underway to build a pipeline connection between the Isleno Field and the main production facility at the Uracoa Field.

The production target for 2012 is projected to be approximately 40,300 BOPD and the capital budget is expected to be approximately $300 million with a significant portion of that total related to infrastructure costs to support the further development of the Temblador and El Salto Fields. This program should be self-funding at a West Texas Intermediate oil price of $90 per barrel in 2012. Petrodelta expects to drill 33 oil wells and two water injector wells, and is considering a third rig arriving in the third quarter of this year.

The average sale price for crude oil produced during the quarter was approximately $108.75 per barrel.

EXPLORATION AND OTHER ACTIVITIES

**Gabon West Africa**

**Dussafu Project - Gabon (Dussafu PSC)**
Approximately 545 square kilometers of 3-D seismic acquired during the fourth quarter is currently being processed in order to optimize future drilling and development activities. The 3-D PSTM is expected to be completed by June 2012. Depth processing and reprocessing of the inboard 3-D is planned for the second half of 2012. Well planning is in progress to drill an exploration well on the Tortue prospect to target stacked pre-salt Gamba and Dentale reservoirs as well as a secondary post-salt Madiela clastic reservoir. The prospect has mean unrisked prospective resources of 62 MMBO. The Company is currently negotiating to enter the Exclusive Exploration Authorization for a third period of four years, effective May 28, 2012.

**Indonesia — Budong-Budong PSC**
The license commitments have been fulfilled and the partners are planning to request a four year extension at the end of the initial six year term which expires on January 16, 2013. The Company continues to mature prospects and leads for both the Lariang and Karama Basins.

Tately Budong-Budong N.V. is the operator of the Budong-Budong Block. Harvest owns a 64.4 percent working interest in the Budong-Budong PSC.

**Oman Block 64 EPSA**
All work commitments have been completed and post well studies are being conducted. A one year extension for the license has been granted until May 2013, at which time Harvest must decide whether to commit to the second phase of the license, which has a three year term.

Harvest has an 80 percent interest in Block 64 onshore Oman. Block 64 has an area of 3,874 square kilometers and was extracted from a pre-existing block (PDO's Block 6) to accelerate exploration for gas and gas condensate by the Omani Ministry of Oil and Gas.

Corporate
On March 8, 2012, Harvest entered into exchange agreements with certain existing noteholders of its 8.25% senior convertible notes to exchange $15,984,000 principal amount of the notes for 2,875,357 shares of common stock, resulting in an effective exchange price of $5.56 per share. Also, in lieu of cash, Harvest agreed to issue to the noteholders 161,603 shares of

common stock at $8.16 per share in exchange for foregoing a one year interest make-whole of $1,318,680. After the exchange Harvest has approximately $15,550,000 of senior convertible debt outstanding which matures March 1, 2012.

On March 30, 2012, Harvest entered into an equity distribution agreement with Knight Capital America, L.P., a subsidiary of Knight Capital Group, Inc., relating to an ATM offering of shares of our common stock having an aggregate sales price of up to $75,000,000. Under the terms of the agreement, Harvest may offer and sell shares of its common stock by means of transactions on the New York Stock Exchange or otherwise at market prices prevailing at the time of sale, at prices related to the prevailing market price or at negotiated rates. Harvest is unable to access the ATM facility during blackout periods or when the Company is in possession of material information which has not been made public.

Non-GAAP Financial Measures
In this press release, Petrodelta's EBITDA disclosure is not presented in accordance with accounting principles generally accepted in the United States (GAAP) and Petrodelta's financials are not intended to be used in lieu of GAAP presentations of net income or cash flows from operating activities. EBITDA is presented because we believe it provides additional information with respect to both the performance of our fundamental business activities as well as our ability to meet our future capital expenditures and working capital requirements. We also believe that financial analysts commonly use EBITDA to analyze Petrodelta's performance. Although we present selected items that we consider in evaluating our performance, you should also be aware that the items presented do not represent all items that affect comparability between the periods presented. Variations in our operating results are also caused by changes in volumes, prices, exchange rates and numerous other factors. These types of variations are not separately identified in this release, but will be discussed, as applicable, in management's discussion and analysis of operating results in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2012.

A reconciliation of EBITDA to net income and cash flows from operating activities for the periods presented is included in the tables attached to this release.

Conference call
Harvest will hold a conference call at 10:00 a.m. Central Daylight Time on Thursday, May 10, 2012, during which management will discuss Harvest's 2012 first quarter results. The conference leader will be James A. Edmiston, President and Chief Executive Officer. To access the conference call, dial 800-768-6569 or 785-830-7992, five to ten minutes prior to the start time. At that time you will be asked to provide the conference number, which is 2646081. A recording of the conference call will also be available for replay at 719-457-0820, passcode 2646081, through May 15, 2012.

The Company intends to file its 2012 Form 10-Q with the Securities and Exchange Commission on Thursday, May 10 2012. A copy of the Form 10-Q will be available on the Company's website at www.harvestnr.com.

The conference call will also be transmitted over the internet through the Company's website at www.harvestnr.com. To listen to the live webcast, enter the website fifteen minutes before the call to register, download and install any necessary audio software. For those who cannot listen to the live broadcast, a replay of the webcast will be available beginning shortly after the call and will remain on the website for approximately 90 days.

About Harvest Natural Resources:
Harvest Natural Resources, Inc., headquartered in Houston, Texas, is an independent energy company with principal operations in Venezuela, exploration assets in Indonesia, West Africa, China and Oman and business development offices in Singapore and the United Kingdom. For more information visit the Company's website at www.harvestnr.com.

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This press release may contain projections and other forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. They include estimates and timing of expected oil and gas production, oil and gas reserve projections of future oil pricing, future expenses, planned capital expenditures, anticipated cash flow and our business strategy. All statements other than statements of historical facts may constitute forward-looking statements. Although Harvest believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Actual results may differ materially from Harvest's expectations as a result of factors discussed in Harvest's 2011 Annual Report on Form 10-K and other public filings.

Harvest may use certain terms such as resource base, contingent resources, prospective resources, probable reserves, possible reserves, non-proved reserves or other descriptions of volumes of reserves. These estimates are by their nature more speculative than estimates of proved reserves and accordingly, are subject to substantially greater risk of being actually realized by the Company.

HARVEST NATURAL RESOURCES, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, unaudited)

| | March 31, 2012 | December 31, 2011 |
|---|---|---|
| ASSETS: | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | $ 33,552 | $ 58,946 |
| Restricted cash | 1,200 | 1,200 |
| Accounts and notes receivable, net | | |
| Dividend receivable - equity affiliate | 12,200 | 12,200 |
| Joint interest and other | 12,740 | 14,342 |
| Notes receivable | 3,335 | 3,335 |
| Advances to equity affiliate | 2,384 | 2,388 |
| Deferred income taxes | 2,628 | 2,628 |
| Prepaid expenses and other | 1,261 | 728 |
| Total current assets | 69,300 | 95,767 |
| OTHER ASSETS | 5,186 | 5,427 |
| INVESTMENT IN EQUITY AFFILIATES | 361,812 | 345,054 |
| PROPERTY AND EQUIPMENT, net | 68,811 | 66,799 |
| TOTAL ASSETS | $ 505,109 | $ 513,047 |
| LIABILITIES AND EQUITY: | | |
| CURRENT LIABILITIES: | | |
| Accounts payable, trade and other | $ 2,548 | $ 7,381 |
| Accounts payable - carry obligation | 3,596 | 3,596 |
| Accrued expenses | 8,177 | 15,247 |
| Accrued Interest | 653 | 1,372 |
| Deferred tax liability | 4,835 | 4,835 |
| Income taxes payable | 979 | 718 |
| Current portion - long term debt | 15,551 | - |
| Total current liabilities | 36,339 | 33,149 |
| OTHER LONG-TERM LIABILITIES | 949 | 908 |
| LONG-TERM DEBT | - | 31,535 |
| COMMITMENTS AND CONTINGENCIES | - | - |
| EQUITY: | | |
| STOCKHOLDERS' EQUITY: | | |
| Common stock and paid-in capital | 255,062 | 236,598 |
| Retained earnings | 191,891 | 193,283 |
| Treasury stock | (66,104) | (66,104) |
| Total Harvest stockholders' equity | 380,849 | 363,777 |
| Noncontrolling Interest | 86,972 | 83,678 |
| Total Equity | 467,821 | 447,455 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | $ 505,109 | $ 513,047 |

HARVEST NATURAL RESOURCES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands except per share amounts, unaudited)

| | Three months Ended March 31, | |
|---|---|---|
| | 2012 | 2011 |
| EXPENSES: | | |
| Depreciation and amortization | $ 105 | $ 124 |
| Exploration expense | 1,443 | 1,189 |
| Dry hole costs | 5,546 | - |
| General and administrative | 5,842 | 6,675 |
| | 12,936 | 7,988 |
| LOSS FROM OPERATIONS | (12,936) | (7,988) |
| OTHER NON-OPERATING INCOME (EXPENSE) | | |
| Investment earnings and other | 69 | 145 |
| Interest expense | (394) | (2,212) |
| Debt conversion expense | (2,422) | - |
| Other non-operating expenses | (256) | (431) |
| Loss on exchange rates | (22) | (11) |
| | (3,025) | (2,509) |
| LOSS FROM CONSOLIDATED COMPANIES CONTINUING OPERATIONS BEFORE INCOME TAXES | (15,961) | (10,497) |
| Income tax expense (benefit) | (1,220) | 222 |
| LOSS FROM CONSOLIDATED COMPANIES CONTINUING OPERATIONS | (14,741) | (10,719) |
| Net income from unconsolidated equity affiliates | 16,758 | 18,494 |
| NET INCOME FROM CONTINUING OPERATIONS | 2,017 | 7,775 |
| DISCONTINUED OPERATIONS | | |
| Loss from discontinued operations | - | (3,266) |
| Loss on sale of assets | (115) | - |
| Loss from discontinued operations | (115) | (3,266) |
| NET INCOME | 1,902 | 4,509 |
| Less: Net Income Attributable to Noncontrolling Interest | 3,294 | 3,427 |
| NET INCOME (LOSS) ATTRIBUTABLE TO HARVEST | $(1,392) | $ 1,082 |

| | Three Months Ended | | | |
|---|---|---|---|---|
| | March 31, 2012 | | March 31, 2011 | |
| NET INCOME ATTRIBUTABLE TO HARVEST PER COMMON SHARE: | Basic | Dilutive | Basic | Dilutive |
| Income (loss) from continuing operations | (1,277) | (1,277) | 4,348 | 4,348 |
| Discontinued operations | (115) | (115) | (3,266) | (3,266) |
| Net income (loss) attributable to Harvest | (1,392) | (1,392) | 1,082 | 1,082 |
| Weighted average common shares outstanding | 34,884 | 34,884 | 33,945 | 33,945 |
| Effect of dilutive shares | - | - | - | 2,122 |
| Weighted average common shares including dilutive effect | 34,884 | 34,884 | 33,945 | 36,067 |
| Per Share: | | | | |
| Income (loss) from continuing operations | $ (0.04) | $ (0.04) | $ 0.13 | $ 0.12 |
| Discontinued operations | $ - | $ - | $ (0.10) | $ (0.09) |
| Net income (loss) attributable to Harvest | $ (0.04) | $ (0.04) | $ 0.03 | $ 0.03 |

HARVEST NATURAL RESOURCES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands, unaudited)

| | Three months Ended March 31, | |
|---|---|---|
| | 2012 | 2011 |
| Cash Flows From Operating Activities: | | |
| Net income | $ 1,902 | $ 4,509 |
| Adjustments to reconcile net income to net cash used in operating activities: | | |
| Depletion, depreciation and amortization | 105 | 934 |
| Dry hole costs | 5,546 | - |
| Impairment of long-lived assets | - | 1,440 |
| Amortization of debt financing costs | 622 | 270 |

| | | |
|---|---|---|
| Amortization of discount on debt | - | 538 |
| Debt conversion expense | 1,939 | - |
| Net income from unconsolidated equity affiliate | (16,758) | (18,494) |
| Share-based compensation-related charges | 886 | 1,114 |
| Changes in operating assets and liabilities: | | |
| Accounts and notes receivable | 1,602 | (3,696) |
| Advances to equity affiliate | 4 | (146) |
| Prepaid expenses and other | (533) | 2,600 |
| Accounts payable | (4,833) | 2,119 |
| Accrued expenses | (2,225) | 2,071 |
| Accrued Interest | (902) | (925) |
| Other liabilities | 41 | 434 |
| Income taxes payable | 261 | 211 |
| Net Cash Used In Operating Activities | (12,343) | (7,021) |
| Cash Flows From Investing Activities: | | |
| Additions of property and equipment | (12,607) | (8,361) |
| Additions to assets held for sale | - | (15,633) |
| Proceeds from sale of equity affiliate | - | 1,273 |
| Increase in restricted cash | - | (4,490) |
| Investment costs | (378) | (34) |
| Net Cash Used In Investing Activities | (12,985) | (27,245) |
| Cash Flows From Financing Activities: | | |
| Net proceeds from issuances of common stock | - | 416 |
| Financing costs | (66) | (189) |
| Net Cash Provided by (Used In) Financing Activities | (66) | 227 |
| Net Decrease in Cash | (25,394) | (34,039) |
| Cash and Cash Equivalents at Beginning of Period | 58,946 | 58,703 |
| Cash and Cash Equivalents at End of Period | $ 33,552 | $ 24,664 |

PETRODELTA, S. A.
STATEMENTS OF OPERATIONS
(in thousands except per BOE and per share amounts, unaudited)

| | Three months Ended March 31, 2012 | | Three months Ended March 31, 2011 | |
|---|---|---|---|---|
| Barrels of oil sold | 2,984 | | 2,583 | |
| MCF of gas sold | 630 | | 470 | |
| Total BOE | 3,089 | | 2,661 | |
| Total BOE - Net of 33% Royalty | 2,059 | | 1,774 | |
| Average price/barrel | $108.75 | | $87.73 | |
| Average price/mcf | $1.54 | | $1.54 | |
| | $ | $/BOE - net | $ | $/BOE - net |
| REVENUES: | | | | |
| Oil sales | $ 324,497 | | $ 226,613 | |
| Gas sales | 972 | | 726 | |
| Royalty | (107,339) | | (77,315) | |
| | 218,130 | 105.94 | 150,024 | 84.57 |
| EXPENSES: | | | | |
| Operating expenses | 21,581 | 10.48 | 14,282 | 8.05 |
| Workovers | 5,908 | 2.87 | 6,475 | 3.65 |
| Depletion, depreciation and amortization | 17,922 | 8.70 | 12,487 | 7.04 |
| General and administrative | 4,983 | 2.42 | (930) | (0.52) |
| Windfall profits tax | 84,738 | 41.16 | 27,126 | 15.29 |
| | 135,132 | 65.63 | 59,440 | 33.51 |
| INCOME FROM OPERATIONS | 82,998 | 40.31 | 90,584 | 51.06 |
| Investment earnings and other | 1 | - | 167 | 0.09 |
| Interest expense | (1,913) | (0.93) | (1,272) | (0.71) |
| Income before income tax | 81,086 | 39.38 | 89,479 | 50.44 |

| | | | | |
|---|---|---|---|---|
| Current income tax expense | 42,070 | 20.43 | 53,343 | 30.07 |
| Deferred income tax benefit | (13,490) | (6.55) | (25,762) | (14.52) |
| NET INCOME | 52,506 | 25.50 | 61,898 | 34.89 |
| Adjustment to reconcile to reported Net Income from | | | | |
| Unconsolidated Equity Affiliate: | | | | |
| Deferred income tax expense | 12,041 | | 17,871 | |
| Net income equity affiliate | 40,465 | | 44,027 | |
| Equity interest in unconsolidated equity affiliate | 40% | | 40% | |
| Income before amortization of excess basis in equity affiliate | 16,186 | | 17,611 | |
| Conform depletion expense to GAAP | 1,061 | | (81) | |
| Amortization of excess basis in equity affiliate | (489) | | (421) | |
| Net income from unconsolidated equity affiliate | $ 16,758 | | $ 17,109 | |

Non-GAAP Financial Measures:

Reconcile NET INCOME as reported under IFRS to adjusted EBITDA:

| | | | | |
|---|---|---|---|---|
| NET INCOME | $ 52,506 | 25.50 | $ 61,898 | 34.89 |
| Add back non-cash items: | | | | |
| Depletion, depreciation and amortization | 17,922 | 8.70 | 12,487 | 7.04 |
| Pension liability, net of tax | - | - | - | - |
| Deferred income tax expense (benefit) | (13,490) | (6.55) | (25,762) | (14.52) |
| Special Charges, net of tax | - | - | - | - |
| CASH FROM OPERATIONS | 56,938 | 27.65 | 48,623 | 27.41 |
| Investment earnings and other | (1) | - | (167) | (0.09) |
| Interest expense | 1,913 | 0.93 | 1,272 | 0.71 |
| Current income tax expense | 42,070 | 20.43 | 53,343 | 30.07 |
| Adjusted EBITDA (IFRS) | $ 100,920 | 49.01 | $ 103,071 | 58.10 |

SOURCE Harvest Natural Resources

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