HIGHWOOD
ASSET MANAGEMENT LTD.

HIGHWOOD ASSET MANAGEMENT LTD. ANNOUNCES FOURTH QUARTER AND FULL-YEAR 2023 RESULTS, 2023 YEAR-END RESERVES ALONG WITH STRONG OPERATIONAL UPDATE DELIVERING CURRENT PRODUCTON > 6,500 BOE/D

NOT FOR DISSEMINATION IN THE U.S. OR THROUGH U.S. NEWSWIRES

Calgary, Alberta, April 16, 2024

Highwood Asset Management Ltd. ("**Highwood**" or the "**Company**") (TSXV: HAM) is pleased to announce financial and operating results for the three and twelve months ended December 31, 2023 and to provide the results of its independent oil and gas reserves evaluation as of December 31, 2023, prepared by GLJ Petroleum Consultants Ltd. ("**GLJ**"). The Company also announces that its audited financial statements and associated Management's Discussion and Analysis ("**MD&A**") for the year ended December 31, 2023, are available on Highwood's website at www.highwoodmgmt.com and on SEDAR+ at www.sedarplus.ca.

Highlights

- Achieved record corporate production of 4,035 boe/d in the fourth quarter of 2023. As a result of an effective capital program in the fourth quarter of 2023 and early 2024, first quarter 2024 production is expected to average approximately 4,900 boe/d and current production is greater than 6,500 boe/d.

- During the first quarter of 2024, the Company executed a successful capital program of approximately $24 million, which included five additional wells, all of which were brought onstream in the first quarter. These five wells consisted of three fracture stimulated wells at Wilson Creek and two additional multi-lateral open hole wells, one in Brazeau and one in the Mannville horizon in eastern Alberta.

- The Company is encouraged by the initial results on the capital program executed to date in 2024, particularly with respect to the Wilson Creek wells, 100/12-05-043-05 (the "**12-05 well**"), 100/13-05-043-05 (the "**13-05 well**"), and the Brazeau well 02/08-33-047-14W5 (the "**08-33 well**"). Trailing and current production for the five wells drilled in the first quarter of 2024 are summarized below:

			Average Rate Since Online				Current Rate				
Well	**Spud**	**Rig Release**	**BOPD**	**BNGLD**	**MCFD**	**BOED**	**BOPD**	**BNGLD**	**MCFD**	**BOED**	**Days Online**
Brazeau 08-33 well	2024-02-18	2024-03-03	310	6	127	337	393	8	180	431	30
Wilson 13-05 well	2024-01-24	2024-02-02	262	15	172	306	611	41	470	731	13
Wilson 12-05 well	2024-02-03	2024-02-15	241	14	159	282	518	41	467	637	12
Wilson 16-33 well	2024-01-06	2024-01-13	187	37	314	276	242	55	472	376	54
Viking 14-29 well	2024-02-06	2024-02-20	28	0	0	28	37	0	0	36	24

(1) The test results are not necessarily indicative of long-term performance or of ultimate recovery.

- The five wells had associated average cycles times of 45 days and delivered capital efficiencies of less than $20,000 boe/d, an improvement of more than 20% versus the previous forecast.

- Significant intrinsic value recognized in Year-End 2023 Reserves. Realized before-tax net present value, after debt, of booked reserves[(1)]:
    - PDP BTNPV10 of $218.9 million representing NAV $8.06/share and $7.93/share fully diluted.
        - Associated RLI of 10.8 years and delivered a recycle ratio of 2.34
    - 1P BTNPV10 of $463.6 million representing NAV $24.25/share and $21.07/share fully diluted.
        - Associated RLI of 15.2 years and recycle ratio of 2.9
    - 2P BTNPV10 of $746.9 million representing NAV $43.00/share and $36.28/share fully diluted.
        - Associated RLI of 21.8 years and recycle ratio of 3.6

- At December 31, 2023, Highwood had over $300 million in tax pools, including more than $100 million in non-capital losses. Highwood does not anticipate being cash taxable for approximately three years.

- Highwood reiterates its 2024 production guidance of approximately 5,200 boe/d. Representing year-over-year growth of approximately 25%. Forecast capital expenditures are estimated to be approximately $40–45 million. Further, the Company expects to reduce Net Debt by approximately 25%, reducing Net Debt / 2024E EBITDA to under 0.8x by the end of 2024.[(1)(2)]. The Company will continue to evaluate our capital program, market conditions and associated guidance over the next 30 days.

Notes to Highlights:

(1) See "Caution Respecting Reserves Information" and "Non-GAAP and other Specified Financial Measures".

(2) Based on Management's projections (not Independent Qualified Reserves Evaluators' forecasts) and applying the following pricing assumptions: WTI: US$78.00/bbl; WCS Diff: US$14.00/bbl; MSW Diff: US$4.00/bbl; AECO: C$1.90/GJ; 0.74 CAD/USD. Management projections are used in place of Independent Qualified Reserves Evaluators' forecasts as Management believes it provides investors with valuable information concerning the liquidity of the Company.

Summary of Financial & Operating Results

	Three months ended December 31,			Year ended December 31,		
	2023	**2022**	**%**	**2023**	**2022**	**%**
Financial (in thousands)						
Petroleum and natural gas sales	**$ 23,633**	$ 1,027	2,201	**$ 41,212**	$ 4,438	829
Transportation pipeline revenues	**757**	769	(2)	**2,867**	3,255	(12)
Total revenues, net of royalties[(1)]	**28,918**	1,827	1,483	**41,038**	6,618	520
Income	**47,785**	62	76,973	**46,144**	2,246	1,954
Funds flow from operations[(5)]	**7,813**	433	1,704	**13,873**	1,519	813
Adjusted EBITDA[(6)]	**10,261**	322	3,087	**17,667**	1,608	999
Capital expenditures	**14,737**	362	3,971	**18,767**	2,045	818
Net debt [(2)]				**97,051**	(236)	-
Shareholder's equity (end of period)				**104,199**	10,697	874
Shares outstanding (end of period)				**15,114**	6,037	150
Weighted-average basic shares outstanding				**9,723**	6,088	60

	Three months ended December 31,			Year ended December 31,		
	2023	**2022**	**%**	**2023**	**2022**	**%**
Operations (3)						
Production						
Crude oil (bbls/d)	**2,306**	119	1,830	**978**	113	765
NGLs (boe/d)	**526**	-	100	**210**	-	100
Natural gas (mcf/d)	**7,215**	-	100	**2,696**	-	100
Total (boe/d)	**4,035**	119	3,278	**1,682**	113	1,388
Average realized prices (4)						
Crude oil *(Cdn$/bbl)*	**95.07**	93.44	2	**99.44**	107.54	(8)
NGL *(Cdn$/boe)*	**36.22**	-	100	**37.52**	-	100
Natural gas *(Cdn$/mcf)*	**2.57**	-	100	**2.63**	-	100
Operating netback (per BOE)	**32.42**	40.40	(20)	**35.54**	46.28	(23)

(1) Includes unrealized gain and losses on commodity contracts.

(2) Net debt consists of bank debt, promissory note, long-term accounts payable and accrued liabilities and working capital surplus (deficit) excluding commodity contract assets and/or liabilities, current portion of decommissioning liabilities and lease liabilities.

(3) For a description of the boe conversion ratio, see "*Basis of Barrel of Oil Equivalent*".

(4) Before hedging.

(5) See "*Non-GAAP and Other Specified Financial Measures*".

The operating results of the three month and year ended December 31, 2023 include the impact of the Acquisitions from the closing date of August 3, 2023.

2023 Reserves Summary

Highwood completed three acquisitions during 2023. The combined assets were evaluated by GLJ effective December 31, 2023 using the 3 Consultants' Average price forecast (the "**Reserves Report**"). GLJ is the Company's independent qualified reserves evaluator.

Significant intrinsic value recognized in Year-End 2023 Reserves. Realized before-tax net present value of booked reserves as follows:

- PDP BTNPV10 of $218.9 million representing NAV $8.06/share and $7.93/share fully diluted.
- 1P BTNPV10 of $463.6 million representing NAV $24.25/share and $21.07/share fully diluted.
- 2P BTNPV10 of $746.9 million representing NAV $43.00/share and $36.28/share fully diluted.

Key highlights of the Company's proved developed producing (PDP), total proved (1P) and total proved plus probable (2P) reserves from the Reserves Report are highlighted below:

- PDP reserves increased by 3,939 Mboe to 15,988 Mboe, representing a 24% (30% net of production) increase to volume along with a $32.8 million increase in value when compared to YE2022 (inclusive of acquisitions) yielding a RLI of 10.8 years
- 1P reserves increased by 8,861 Mboe to 31,847 Mboe, representing a 34% increase to volume along with a $168.8 million increase in value when compared to YE2022 (inclusive of acquisitions) yielding a RLI of 15.2 years
- 2P reserves increased by 11,805 Mboe to 52,699 Mboe, representing a 27% increase to volume along with a $221.7 million increase in value when compared to YE2022 (inclusive of acquisitions) yielding a RLI of 21.8 years

Strong Recycle Ratios — Highwood expects strong netbacks as a result of its highly economic oil plays, which result in the recycle ratios listed below:

- PDP reserves: converted reserves in 2023 at F&D of $13.40 with associated recycle ratio of 2.34 based on fourth quarter of 2023 netback
- 1P reserves: F&D of $14.10/boe with associated recycle ratio of 2.9.
- 2P reserves: F&D of $9.49/boe with associated recycle ratio of 3.6.

Further recycle ratios are listed below:

Recycle Ratio	F&D (Excluding FDC)	FD&A (Excluding FDC)	F&D (Including FDC)	FD&A (Including FDC)
1P Reserves	9.4	7.0	0.7	2.9
2P Reserves	17.1	11.4	0.8	3.6

The Company has achieved early success in implementing multi-lateral open hole wells as well as higher frac intensity within the Belly River Horizon. The Company expects to apply these strategies to other areas of the asset base in 2024.

2023 Reserves by Category

The following table provides a summary of specific details from the Reserves Report, which was created in accordance with the procedures and standards contained in the Canadian Oil and Gas Evaluation Handbook and the requirements of National Instruments 51-101 — *Standards of Disclosure for Oil and Gas Activities*.

	Mboe	BTNPV10 ($M)
Proved Developed Producing	15,988	218,888
Total Proved	31,847	463,636
Proved Plus Probable	52,699	746,943

Company Reserves

	Light & Medium Oil		Conventional Natural Gas		Shale Gas		Natural Gas Liquids		Oil Equivalent	
Reserves Category	Company Gross Mbbl	Company Net Mbbl	Company Gross MMcf	Company Net MMcf	Company Gross MMcf	Company Gross MMcf	Company Net Mboe	Company Gross Mboe	Company Gross Mboe	Company Net Mboe
Proved										
Producing	5,554	4,445	47,274	39,183	0	0	2,555	1,960	15,988	12,936
Developed Non-Producing	498	366	4,147	3,282	0	0	247	168	1,436	1,081
Undeveloped	9,168	7,467	19,026	17,302	2,087	1,870	1,737	1,391	14,423	12,053
Total Proved	15,219	12,278	70,447	59,767	2,087	1,870	4,539	3,519	31,847	26,069
Total Probable	8,994	7,038	44,148	38,463	2,574	2,252	4,071	3,134	20,852	16,958
Total Proved Plus Probable	24,213	19,316	114,595	98,230	4,661	4,122	8,610	6,653	52,699	43,028

Net Present Values for Future Net Revenues before Income Taxes Discounted at (% per year)

	Net Present Values of Future Net Revenue Before Income Taxes Discounted At (%/year)					Net Present Values of Future Net Revenue After Income Taxes Discounted At (%/year)					Unit Value Before Income Tax Discounted at 10%/year	
Reserves Category	**0% M$**	**5% M$**	**10% M$**	**15% M$**	**20% M$**	**0% M$**	**5% M$**	**10% M$**	**15% M$**	**20% M$**	**$/boe**	**$/Mcfe**
Proved												
Producing	377,105	275,266	218,888	183,743	159,731	362,229	269,152	216,089	182,360	159,006	16.92	2.82
Developed Non-Producing	34,717	22,970	16,695	12,956	10,506	26,711	18,609	14,186	11,446	9,564	15.44	2.57
Undeveloped	485,472	318,642	228,053	171,210	132,672	373,417	243,485	173,086	129,058	99,312	18.92	3.15
Total Proved	897,293	616,878	463,636	367,909	302,909	762,357	531,247	403,362	322,864	267,883	17.78	2.96
Total Probable	700,972	417,843	283,307	207,273	159,319	539,009	319,231	214,830	156,002	119,078	16.71	2.78
Total Proved Plus Probable	1,598,266	1,034,720	746,943	575,182	462,228	1,301,366	850,478	618,193	478,866	386,961	17.36	2.89

Note: Unit values are based on Company Net Reserves.

Operational Update

With the continued strong commodity prices in the fourth quarter and into 2024, the Company focused primarily on the execution of its capital program. Highwood achieved record corporate production in the fourth quarter of 2023 of 4,035 boe/d. Highwood is also pleased to announce that first quarter 2024 production is expected to average approximately 4,900 boe/d and current production is greater than 6,500 boe/d. During the first quarter of 2024, the Company executed a successful $24 million capital program which included five additional wells all of which were brought onstream in the first quarter. These five wells consisted of three fracture stimulated wells at Wilson Creek and two additional multi-lateral open hole wells, one in Brazeau and one in the Mannville horizon in eastern Alberta.

In the first quarter of 2024, the Company spud five additional new wells. Three of these wells will infill the western side of the Wilson Creek asset, the 103/16-33-042-05W5 (the "**16-33 well**"), the 12-05 well and the 13-05 well. Further, the Company drilled two additional multi-lateral open hole wells, one in Brazeau, the 8-33 well and one in the Mannville horizon in eastern Alberta, 100/14-29-048-08W4 (the "**14-29 well**"). The Company is pleased with the early results of the program. The 14-29 well has been online for approximately three weeks and is currently producing slightly below the projected type curve.

The Company will continue to review and assess opportunities which are accretive to the Company as Highwood seeks to grow this segment of its operations. The Company will also assess land offerings in strategic areas where the Company sees significant growth opportunities.

Outlook

Highwood anticipates allocating its organic Free Cash Flow after sustaining capital on a 50:50 basis to support organic production growth of approximately 25% while also expecting to reduce Net Debt by approximately 25%, achieving Net Debt / 2024E EBITDA of under 0.8x by the end of 2024. The Company will continue to evaluate our capital program, market conditions and associated guidance over the next 30 days.

The primary focus over the near-term is the execution of the Company's capital program and growth strategy while reducing the Company's Net Debt. At December 31, 2023, Highwood had over $300 million in tax pools, including more than $100 million in non-capital losses. Highwood does not anticipate being cash taxable for approximately three years.

Corporately, the Company is dedicated to building a growing profile of Free Cash Flow, on a per share basis, while using prudent leverage to provide it maximum flexibility for organic growth and / or other strategic M&A opportunities, with a longer-term goal to provide significant return of capital to shareholders.

Highwood is continuing to evaluate its undeveloped lands for drilling opportunities and is planning to continue its active capital program while commodity prices remain strong.

Further Information

For further information about the Company please contact:

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Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Cautionary Note Regarding Forward-Looking Information

This news release contains certain statements and information, including forward-looking statements within the meaning of the "safe harbor" provisions of applicable securities laws, and which are collectively referred to herein as "forward-looking statements". The forward-looking statements contained in this news release are based on Highwood's current expectations, estimates, projections and assumptions in light of its experience and its perception of historical trends. When used in this news release, the words "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions, as they relate to Highwood or the Acquisitions, are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Actual operational and financial results may differ materially from Highwood's expectations contained in the forward-looking statements as a result of various factors, many of which are beyond the control of the Company.

Undue reliance should not be placed on these forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur and may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Forward-looking statements may include, but are not limited to, statements with respect to:

- *the Company's expectations with respect to future operational results, including, but not limited to, estimated or anticipated production levels, exit rates, decline rates, recycle ratios, netbacks, capital expenditures and sources of funding thereof, drilling plans and other information discussed in this news release;*
- *the quantity of the Company's oil and natural gas reserves and anticipated future cash flows from such reserves;*
- *the Company's estimates of its drilling locations inventory, tax pools, non-capital losses and its expectation that it will not be cash taxable for approximately three years;*
- *anticipated financial results of the Company, including but not limited to, 2024E EBITDA, Adjusted EBITDA, Free Cash Flow, and net debt;*
- *the Company's expectations regarding capacity of infrastructure associated with its business;*
- *the Company's expectations regarding commodity prices and costs;*
- *the Company's expectations regarding supply and demand for oil and natural gas;*
- *expectations regarding the Company's ability to raise capital and to continually add to reserves through acquisitions and development;*
- *treatment under governmental regulatory regimes and tax laws;*
- *fluctuations in depletion, depreciation, and accretion rates;*
- *expected changes in regulatory regimes in respect of royalty curves and regulatory improvements and the effects of such changes; and*
- *Highwood's business and acquisition strategy, the criteria to be considered in connection therewith and the benefits to be derived therefrom.*

These forward-looking statements are not guarantees of future performance and are subject to a number of known and unknown risks and uncertainties that could cause actual events or results to differ materially, including, but not limited to:

- *operational risks and liabilities inherent in oil and natural gas operations;*
- *the accuracy of oil and gas reserves estimates and estimated production levels as they are affected by exploration and development drilling and estimated decline rates;*
- *the uncertainties in regard to the timing of Highwood's exploration and development program;*
- *failure to realize the anticipated benefits of acquisitions, including corresponding results and/or synergies;*
- *unexpected costs or liabilities related to acquisitions;*
- *volatility in market prices for oil and natural gas;*
- *adverse general economic, political and market conditions;*
- *incorrect assessments of the value of benefits to be obtained from acquisitions and exploration and development programs;*
- *unforeseen difficulties in integrating assets acquired through acquisitions into the Company's operations;*
- *changes in royalty regimes;*
- *competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel;*
- *that the Company's ability to maintain strong business relationships with its suppliers, service providers and other third parties will be maintained;*
- *geological, technical, drilling and processing problems;*
- *fluctuations in foreign exchange or interest rates and stock market volatility;*
- *liquidity;*

- *fluctuations in the costs of borrowing;*
- *political or economic developments;*
- *uncertainty related to geopolitical conflict;*
- *ability to obtain regulatory approvals; and*
- *the results of litigation or regulatory proceedings that may be brought against the Company; and*
- *changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry.*

In addition, statements relating to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the reserves described can be profitably produced in the future.

*There are numerous uncertainties inherent in estimating quantities of oil and natural gas and the future cash flows attributed to such reserves. The reserves and associated cash flow information set forth herein are estimates only. In general, estimates of economically recoverable oil and natural gas and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserves and resources recovery, timing and amount of capital investments, marketability of oil and natural gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially. For these reasons, estimates of the economically recoverable oil and natural gas attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different evaluators, or by the same evaluators at different times, may vary. The actual production, revenues, taxes and development and operating expenditures of the Company with respect to its reserves will vary from estimates thereof and such variations could be material. This news release contains future-oriented financial information and financial outlook information (collectively, **"FOFI"**) about the Company's prospective Adjusted EBITDA, Free Cash Flow, Net Debt, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. FOFI contained in this news release was made as of the date of this news release and was provided for the purpose of describing the anticipated effects of the Company's anticipated operational results on the Company's business operations. Highwood's actual results, performance or achievement could differ materially from those expressed in, or implied by, such FOFI. The Company disclaims any intention or obligation to update or revise any FOFI contained in this news release, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this news release should not be used for purposes other than for which it is disclosed herein.*

Changes in forecast commodity prices, differences in the timing of capital expenditures and variances in average production estimates can have a significant impact on the key performance metrics included in the Company's guidance for 2024 contained in this news release. The Company's actual results may differ materially from such estimates.

With respect to forward-looking statements contained in this news release, the Company has made assumptions regarding, among other things: the Company's future operational results, including, but not limited to, estimated or anticipated production levels, exit rates, decline rates, recycle ratios, netbacks, capital expenditures and sources of funding thereof, drilling plans and other information discussed in this news release; that commodity prices will be consistent with the current forecasts of its engineers; field netbacks; the accuracy of reserves estimates; costs to drill, complete and tie-in wells; ultimate recovery *of reserves; that royalty regimes will not be subject to material modification; that the Company will be able to obtain skilled labour and other industry services at reasonable rates; the performance of assets and equipment; that the timing and amount of capital expenditures and the benefits therefrom will be consistent with the Company's expectations; the impact of increasing competition; that the conditions in general economic and financial markets will not vary materially; that the Company will be able to access capital, including debt, on acceptable terms; that drilling, completion and other equipment will be available on acceptable terms; that government regulations and laws will not change materially; that royalty rates will not change in any material respect; and that future operating costs will be consistent with the Company's expectations.*

Although Highwood believes the expectations and material factors and assumptions reflected in these forward-looking statements are reasonable as of the date hereof, there can be no assurance that these expectations, factors and assumptions will prove to be correct.

Readers are cautioned not to place undue reliance on such forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur and the predictions, forecasts, projections and other forward-looking statements may not occur, which may cause Highwood's actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by this news release.

A more complete discussion of the risks and uncertainties facing Highwood is disclosed in Highwood's continuous disclosure filings with Canadian securities regulatory authorities available on SEDAR+ at www.sedarplus.ca. All forward-looking information herein is qualified in its entirety by this cautionary statement, and Highwood disclaims any obligation to revise or update any such forward-looking information or to publicly announce the result of any revisions to any of the forward-looking information contained herein to reflect future results, events, or developments, except as required by law.

Caution Respecting Reserves Information

This news release contains oil and gas metrics commonly used in the oil and gas industry, including "RLI", "NPV10", "F&D", "netback" and "recycle ratio". These oil and gas metrics do not have any standardized meaning and therefore they should not be used to make comparisons and readers should not place undue reliance on such metrics. Further, these metrics have not been independently evaluated, audited or reviewed and are based on historical data, extrapolations therefrom and management's professional judgement, which involves a high degree of subjectivity. For these reasons, actual metrics attributable to any particular group of properties may differ from our estimates herein and the differences could be significant.

"BT" means before tax.

"RLI" means reserves life index and is calculated as total company interest reserves divided by annual production, for the year indicated.

"NPV10" represents the anticipated net present value of the future net revenue discounted at a rate of 10% associated with the reserves associated with the acquired assets.

"F&D" is calculated as the sum of field capital plus the change in FDC for the period divided by the change in reserves that are characterized as development for the period is calculated as the sum of field capital plus the change in FDC for the period divided by the change in total reserves, other than from production, for the period. Finding and development costs take into account reserves revisions during the year on a per boe basis. The aggregate of the exploration and development costs incurred in the financial year and changes during that year in estimated future development costs generally will not reflect total finding and development costs related to reserves additions for that year. Management uses F&D costs as a measure of capital efficiency for organic reserves development.

"NAV per fully diluted share" is calculated using the respective net present values of PDP, 1P and 2P reserves, before tax and discounted at 10% plus internally valued undeveloped land & seismic and proceeds from warrants and stock options, less net debt, and divided by fully diluted outstanding shares. Management used NAV per share as a measure of the relative change of Highwood's net asset value over its outstanding common shares over a period of time.

"Netback" is used to evaluate potential operating performance.. Netback is calculated as follows: (Revenue – Royalties - Operating Expenses).

"Recycle Ratio" is measured by dividing the operating netback for the applicable period by F&D cost per boe for the year. The recycle ratio compares netback from existing reserves to the cost of finding new reserves and may not accurately indicate the investment success unless the replacement reserves are of equivalent quality as the produced reserves.

"Proved Developed Producing" or "PDP" reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

"Proved" or "1P" reserves are those that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves. Reported reserves should target at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated proved reserves under a specific set of economic conditions.

"Proved plus Probable" or "2P" reserves are those that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved plus probable reserves. Reported reserves should target at least a 50 percent probability that the probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves under a specific set of economic conditions.

The net present value of future net revenues attributable to reserves and resources included in this news release do not represent the fair market value of such reserves and resources. There is no assurance that the forecast prices and costs assumptions will be attained, and variances could be material. The recovery and reserve estimates of reserves and resources provided in this news release are estimates only and there is no guarantee that the estimated reserves or resources will be recovered. Actual reserves and resources may be greater or less than the estimates provided in this news release. The estimates of reserves and *future net revenue for individual properties in this news release may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.*

Basis of Barrels of Oil Equivalent — This news release discloses certain production information on a barrels of oil equivalent ("boe") basis with natural gas converted to barrels of oil equivalent using a conversion factor of six thousand cubic feet of gas (Mcf) to one barrel (bbl) of oil (6 Mcf:1 bbl). Condensate and other NGLs are converted to boe at a ratio of 1 bbl:1 bbl. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf:1 bbl is based roughly on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at sales point. Although the 6:1 conversion ratio is an industry-accepted norm, it is not reflective of price or market value differentials between product types. Based on current commodity prices, the value ratio between crude oil, NGLs and natural gas is significantly different from the 6:1 energy equivalency ratio. Accordingly, using a conversion ratio of 6 Mcf:1 bbl may be misleading as an indication of value.

Mcfe Conversions: Thousands of cubic feet of gas equivalent ("Mcfe") amounts have been calculated by using the conversion ratio of one barrel of oil (1 bbl) to six thousand cubic feet (6 Mcf) of natural gas. Mcfe amounts may be misleading, particularly if used in isolation. A conversion ratio of 1 bbl to 6 Mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of natural gas as compared to oil is significantly different from the energy equivalent of 1:6, utilizing a conversion on a 1:6 basis may be misleading as an indication of value.

References to "liquids" in this news release refer to, collectively, heavy crude oil, light crude oil and medium crude oil combined, and natural gas liquids.

"BOPD" means barrels of oil per day

"BNGLD" means barrels of natural gas liquids per day

"MCFD" means thousand cubic feet per day

"BOED" means barrels of oil equivalent per day

Non-GAAP and other Specified Financial Measures

This news release may contain financial measures commonly used in the oil and natural gas industry, including "Adjusted EBITDA", "Free Cash Flow" and "Net Debt". These financial measures do not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies. Readers are cautioned that these non-IFRS measure should not be construed as an alternative to other measures of financial performance calculated in accordance with IFRS. These non-IFRS measures provides additional information that Management believes is meaningful in describing the Company's operational performance, liquidity and capacity to fund capital expenditures and other activities. Management believes that the presentation of these non-IFRS measures provide useful information to investors and shareholders as the measures provide increased transparency and the ability to better analyze performance against prior periods on a comparable basis.

"Adjusted EBITDA" is calculated as cash flow from (used in) operating activities, adding back changes in non-cash working capital, decommissioning obligation expenditures, transaction costs and interest expense. The Company considers Adjusted EBITDA to be a key capital management measure as it is both used within certain financial covenants anticipated to be prescribed under the New Credit Facilities and demonstrates Highwood's standalone profitability, operating and financial performance in terms of cash flow generation, adjusting for interest related to its capital structure. The most directly comparable GAAP measure is cash flow from (used in) operating activities.

"EBITDA" is a non-GAAP financial measure and may not be comparable with similar measures presented by other companies. EBITDA is used as an alternative measure of profitability and attempts to represent the cash profit generated by the Company's operations. The most directly comparable GAAP measure is cash flow from (used in) operating activities. EBITDA is calculated as cash flow from (used in) operating activities, adding back changes in non-cash working capital, decommissioning obligation expenditures and interest expense.

"Free Cash Flow" or "FCF" is used as an indicator of the efficiency and liquidity of the Company's business, measuring its funds after capital expenditures available to manage debt levels, pursue acquisitions and assess the optionality to pay dividends and/or return capital to shareholders though activities such as share repurchases. The most directly comparable GAAP measure is cash flow from (used in) operating activities. Free Cash Flow is calculated as cash flow from (used in) operating activities, less interest, office lease expenses, cash taxes and capital expenditures.

"Net Debt" represents the carrying value of the Company's debt instruments, including outstanding deferred acquisition payments, net of Adjusted working capital. The Company uses Net Debt as an alternative to total outstanding debt as Management believes it provides a more accurate measure in assessing the liquidity of the Company. The Company believes that Net Debt can provide useful information to investors and shareholders in understanding the overall liquidity of the Company.

"Net Debt / 2024E EBITDA" is calculated as net debt at the ending period of each financial quarter divided by the 2024E Adjusted EBITDA. The Company believes that Net Debt / 2024E Adjusted EBITDA is useful information to investors and shareholders in understanding the time frame, in years, it would take to eliminate Net Debt based on 2024E Adjusted EBITDA.

"Operating netback (per BOE)" is calculated as the realized price per boe, less royalties associated with the sale of petroleum and natural gas products on a per boe basis, less the operating costs associated with the production on a per boe basis. The Company believes that Operating netback (per BOE) is a useful measure of the profit that is made from each barrel of production.

All dollar figures included herein are presented in Canadian dollars, unless otherwise noted.