



## HIGHWOOD ASSET MANAGEMENT LTD. ANNOUNCES 2022 THIRD QUARTER RESULTS ALONG WITH OPERATIONAL UPDATE

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

**Calgary, Alberta, November 28, 2022**

Highwood Asset Management Ltd., (“**Highwood**” or the “**Company**”) (TSXV: HAM) is pleased to announce financial and operating results for the three and nine months ended September 30, 2022. The Company also announces that its unaudited financial statements and associated Management’s Discussion and Analysis (“**MD&A**”) for the period ended September 30, 2022, can be found at [www.sedar.com](http://www.sedar.com) and [www.highwoodmgmt.com](http://www.highwoodmgmt.com).

### **Highlights**

- Within the upstream oil & gas production unit, the Company delivered average production of 116 bbl/d of oil in the third quarter of 2022. Current net production from Highwood is approximately 125 bbl/d of oil.
- During the third quarter of 2022, the Company and its 50% working interest in the 14-05 terminal deployed capital funds to reactive the terminal which was commissioned on October 2, 2022.
- During the third quarter of 2022, the Company purchased new office space for consideration of \$1.15 million. The purchase of the office space will result in reduction in general and administrative expenses related to office space. The Company also sees the value of the office space increasing in the future with several major infrastructure projects in the immediate vicinity planned.
- During the third quarter of 2022, the Company’s operating facility was increased from \$2.0 million to \$2.92 million, the increase being mainly attributed to the borrowing base associated with the new office space.
- Corporately, net debt at September 30, 2022 was \$367 thousand and the Company is in a working capital surplus position of \$406 thousand. The Company has reduced net debt, from \$3.3 million at December 31, 2021, including a bank draw of \$1.1 million.

## Summary of Financial & Operating Results

	Three months ended September			Nine months ended September 30,		
	2022	2021	%	2022	2021	%
<b>Financial (in thousands)</b>						
Oil and natural gas sales	\$ 1,135	\$ 721	57	\$ 3,411	\$ 6,423	(47)
Transportation pipeline revenues	842	905	(7)	2,486	2,805	(11)
Total revenues, net of royalties <sup>(1)</sup>	1,720	1,325	30	4,791	6,242	(23)
Income (Loss)	241	150	61	2,184	(1,370)	259
Funds flow from operations <sup>(5)</sup>	485	(73)	764	1,086	(134)	910
Capital expenditures	1,526	79	1,832	1,683	267	530
Net debt <sup>(2)</sup>				(367)	(1,588)	(77)
Shareholder's equity (end of period)				10,508	8,836	19
Shares outstanding (end of period)				6,014	6,014	-
Weighted-average basic shares outstanding				6,014	6,014	-
<b>Operations <sup>(3)</sup></b>						
Production						
Crude oil (bbls/d)	116	108	7	111	400	(72)
Total (boe/d)	116	108	7	111	400	(72)
Average realized prices <sup>(4)</sup>						
Crude Oil (per bbl)	106.27	72.26	47	112.65	58.77	92
Upstream Operating netback (per BOE) <sup>(5)</sup>	45.79	26.36	74	48.41	19.16	153

<sup>(1)</sup> Includes realized and unrealized gains and losses on commodity contracts

<sup>(2)</sup> Net debt consists of bank debt and working capital surplus (deficit) excluding commodity contract assets and/or liabilities.

<sup>(3)</sup> For a description of the boe conversion ratio, see "Basis of Barrel of Oil Equivalent".

<sup>(4)</sup> Before hedging.

<sup>(5)</sup> See "Non-GAAP measures".

## 2022 Third Quarter Operations

With the continued strong commodity prices and increased interest in Canadian energy, the Company's focus in the third quarter was reviewing and assessing several potential acquisitions for its upstream operations. 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. During the third quarter of 2022, the Company acquired lands in Ukalta that it believes could have potential for Clearwater production.

The Company also focused time and resources in Q3 2022 on extraction technologies for Lithium from Brine.

## Outlook

As of today, the Company is minimally drawn on its credit facility and has a working capital surplus, which provides considerable financial and operational flexibility, the Company remains open to completing accretive acquisitions through the balance of 2022 and beyond. The Company is currently engaged in several encouraging dialogues regarding various acquisitions and partnership opportunities. Global optimism around mitigating COVID-19 and restoring previous economic and industrial activities has created positive market and investment sentiment both within and outside oil & gas space.

While Highwood sold the majority of its producing oil assets in the first quarter of 2021, the Company has, and will continue to evaluate opportunities in the M&A market but will remain disciplined to pursue only those opportunities that are accretive with low to moderate liability profiles.

Highwood is continuing to evaluate its undeveloped lands for drilling opportunities, particularly on its Ukalta lands. Highwood is currently monitoring new production from directly offsetting competitors Clearwater wells. Once several months of data have been collected and economic viability determined, Highwood will make a determination on what further action will be taken on the lands.

Corporately, the Company intends to build a growing profile of recurring free funds flow that will provide maximum flexibility for growth and / or other strategic M&A opportunities in a non-dilutive fashion.

### **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 "forward-looking information" or "FLI" within the meaning of the Canadian securities laws. Forward-looking information is generally identifiable by use of the words "believes," "may," "plans," "will," "anticipates," "intends," "budgets", "could", "estimates", "expects", "forecasts", "projects" and similar expressions, and the negative of such expressions. Forward-looking information in this news release include statements about the Company's next steps which include resource assessment, continued exploration and development work, including in respect of the potential extraction technology, continued sampling and developing a reservoir model, the completion and timing for the Cretaceous ironstone NI 43-101 Technical Report, and the evaluation and potential spinout of a pure play lithium company, as well as the specific assumptions used to develop such FLI and the specific risk factors.*

*In connection with the forward-looking information contained in this news release, Highwood has made numerous assumptions, regarding, among other things: the geological, metallurgical, engineering, financial and economic advice that Highwood has received is reliable and is based upon practices and methodologies which are consistent with industry standards. While Highwood considers these assumptions to be reasonable, these assumptions are inherently subject to significant uncertainties and contingencies.*

*Additionally, there are known and unknown risk factors which could cause Highwood's actual results, performance, or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information contained herein. Known risk*

*factors include, among others: the Li-brine resource assessment may not be completed as planned or at all, the exploration and continued sampling may exceed the budget; continued sampling and the reservoir model may not achieve the results expected; investor support for a pure play lithium public spinout; the need to obtain additional financing; uncertainty as to the availability and terms of future financing; the possibility of delay in exploration or development programs and uncertainty of meeting anticipated program milestones; uncertainty as to timely availability of permits and other governmental approvals.*

*A more complete discussion of the risks and uncertainties facing Highwood is disclosed in Highwood's continuous disclosure filings with Canadian securities regulatory authorities at [www.sedar.com](http://www.sedar.com). 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.*

## **Oil and Gas Measures**

*Readers should see the "Selected Technical Terms" in the Annual Information Form filed on May 2, 2022 for the definition of certain oil and gas terms.*

*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.*

*Mcfе Conversions: Thousands of cubic feet of gas equivalent ("Mcfе") 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. Mcfе 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.*

## **Non-GAAP Measures**

*"Funds flow from operations" is a non-GAAP financial measure and is calculated as cash flow from operating activities adjusted for changes in non-cash working capital and changes in long term accounts payable and accrued liabilities.*

*"Netback" is a non-GAAP financial measure and is calculated as revenues net of royalties, less transportation and processing charges and operating expenses and then divided by BOE or Mcf sold.*