HIGHWOOD ASSET MANAGEMENT LTD. ANNOUNCES SECOND QUARTER 2026 RESULTS AND OPERATIONAL UPDATE

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

Calgary, Alberta, August 20, 2026

Highwood Asset Management Ltd. ("**Highwood**" or the "**Company**") (TSXV: HAM) is pleased to announce its financial and operating results for the three and six months ended June 30, 2026 and to provide an operational update. The Company also announces that its unaudited interim consolidated financial statements and associated Management's Discussion and Analysis ("**MD&A**") for the period ended June 30, 2026, are available on Highwood's website at www.highwoodmgmt.com and on SEDAR+ at www.sedarplus.ca.

Highlights

- Average corporate production of 5,079 boe/d in Q2 2026, including approximately 2,900 boe/d from Highwood's assets that remain after closing the Wilson Creek disposition.

- For the second quarter of 2026, Highwood delivered EBITDA of $11.8 million ($0.78 per share) and adjusted funds flow of $9.9 million ($0.65 per share).(1)(2)

- During the second quarter of 2026, Highwood closed the disposition of its Wilson Creek oil and natural gas properties (the **"Wilson Creek Disposition"**) for total consideration of up to $112 million. Consideration was made up of cash proceeds of $105 million, as well as up to an aggregate of $7 million in contingent consideration. The Wilson Creek Disposition resulted in a pre-tax return on invested capital of >200% since they were acquired in August 2023. Highwood acquired the assets for approximately $35 million and generated approximately $26 million in Asset Level Free Cash Flow up to the effective date of April 1, 2026. The net proceeds from the Wilson Creek Disposition were used to reduce Highwood's Net Debt and provide Highwood with a stronger financial position. Net Debt was reduced from $114 million at March 31, 2026 to $16.4 million at June 30, 2026. As a result of the stronger financial position, Highwood has increased flexibility to enhance shareholder returns through accelerated growth in Brazeau, further development of early-stage opportunities in Highwood's portfolio, strategic acquisitions, and/or returns of capital.(1)

- Highwood plans to advance a balanced capital program focused on continued drilling activity, enhanced recovery initiatives and the delineation of longer-dated growth opportunities. In the near term, the Company expects to continue drilling conventional opportunities in Western Alberta with 2-3 wells planned in the coming months. At the same time, Highwood will continue progressing waterflood implementation to reduce base declines, improve recovery factors and extend reserve life. Furthermore, Highwood intends to further evaluate its lands in eastern Alberta and western Saskatchewan, including the potential application of steam assisted gravity drainage (**"SAGD"**) development, and expects to pursue delineation work, strategic financing and partnership discussions over the coming months to advance these opportunities in a disciplined manner.

- Subsequent to June 30, 2026, Highwood implemented its inaugural normal course issuer bid (the **"NCIB"**) and to July 31, 2026, has purchased and cancelled 28,638 common shares since the initial NCIB purchase was made on July 14, 2026. The Company believes the NCIB may benefit continuing shareholders by increasing their proportionate equity interest in Highwood when such repurchased Shares are cancelled or reserved as treasury shares.

- Highwood's hedging program helps mitigate volatility in commodity pricing with approximately 1,100 bbls/day and 1,500 bbls/day of oil hedged throughout 2026 and 2027, respectively, at an average contract price of approximately $93.60CAD/bbl and $94.40CAD/bbl (WTI-NYMEX). In addition, the Company has approximately 3,000GJ/day of natural gas hedged in 2026 at an average contract price of approximately $3.17/GJ (AECO).

- The Company is focused on maintaining a strong financial position to maintain flexibility to provide returns to shareholders. At June 30, 2026, Highwood had approximately $230 million in tax pools, including roughly $100 million in non-capital losses. Highwood does not anticipate being cash taxable for approximately three years or more.

Notes to Highlights:

(1) See "Caution Respecting Reserves Information" and "Non-GAAP and other Specified Financial Measures".
(2) Basic common shares at June 30, 2026 is 15,198,818 which includes shares held in trust.
(3) CAD amounts include USD denominated commodity contracts converted into CAD at a rate of approximately 1.40 USD/CAD

Summary of Financial & Operating Results

	Three Months Ended June 30,			Six Months Ended June 30,		
	2026	2025	**%**	**2026**	2025	**%**
Financial (expressed in thousands)						
Petroleum and natural gas sales	**$ 34,586**	$ 24,973	38	**$ 64,560**	$ 52,953	22
Transportation pipeline revenues	**345**	577	(40)	**710**	1,176	(40)
Total revenues, net of royalties and commodity contracts [1]	**34,675**	37,125	(7)	**35,626**	58,135	(39)
Income (loss)	**30,718**	13,385	129	**16,215**	15,740	3
Funds flow from operating activities [5]	**9,867**	13,395	(26)	**24,121**	25,299	(5)
EBITDA [5]	**11,813**	15,163	(22)	**28,041**	28,933	(3)
Capital expenditures, net of dispositions	**($88,869)**	9,016	(1,086)	**(78,455)**	42,188	(286)
Net Debt [2]				**16,354**	117,936	(86)
Shareholders' equity (end of period)				**170,718**	147,906	15
Shares outstanding (end of period) [6]				**13,946**	14,461	(4)
Weighted-average basic shares outstanding				**14,064**	14,564	(3)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2026	2025	**%**	**2026**	2025	**%**
Operations [(3)]						
Production						
Crude oil (bbls/d)	**2,554**	2,861	(11)	**2,869**	2,843	1
NGLs (boe/d)	**840**	915	(8)	**920**	907	1
Natural gas (mcf/d)	**10,109**	11,134	(9)	**10,507**	10,197	3
Total (boe/d)	**5,079**	5,632	(10)	**5,540**	5,449	2
Average realized prices [(4)]						
Crude oil *(Cdn$/bbl)*	**128.86**	79.58	62	**106.36**	85.63	24
NGL *(Cdn$/boe)*	**41.80**	28.26	48	**34.93**	30.82	13
Natural gas *(Cdn$/mcf)*	**1.56**	1.87	(17)	**1.85**	2.08	(11)
Operating netback (per BOE) [(5)]	**42.33**	26.52	60	**37.21**	28.60	30

(1) Includes realized and unrealized gain and losses on commodity contracts.
(2) Net Debt consists of bank debt and working capital 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*".
(6) Shares outstanding are adjusted for treasury shares purchased and held in trust.

Operational Update

Upon closing of the disposition, Highwood's focus is continued drilling success in the Basal Belly River at Brazeau, which is analogous to the Belly River at Wilson Creek, the implementation of waterflood which will continue to lower base declines and increase reserve lives, and further development of early-stage opportunities in Highwood's portfolio.

Given the recent industry success in close proximity to Highwood's Mannville stack lands in eastern Alberta using horizontal technology, Highwood plans to deploy capital to the assets before the end of the year. Further, the Company continues to add to its portfolio in the area through multiple Crown land acquisitions. These lands provide multiple opportunities, including potential SAGD projects. The Company plans to delineate and commence strategic financing and partnership discussions over the coming several months to advance these opportunities. During the third quarter of 2026, Highwood anticipates drilling 2-3 gross wells (2-3 net), with the next drill planned for late in the third quarter in Eastern Alberta.

In addition, the Company continues to explore strategic options for its lithium, critical mineral and rare earth element assets. Highwood has seen interest from potential strategic partners and believes there is strong potential to access government funding support.

In the third quarter of 2026, Highwood's production will be materially impacted by planned internal and third-party turnarounds in Brazeau. Highwood will be conducting a turnaround at its Brazeau 6-27 facility in September, and at the same time a third-party will be conducting a workover on the gas plant that services the Brazeau area. As a result, Highwood expects oil production to be shut in for 8-10 days and gas and NGLs to be shut in and/or re-injected for approximately 18 days. Both of these turnarounds occur approximately once every five years and there is no major planned maintenance for the remainder of 2026. Separately, during the second quarter Highwood's production was again impacted in the Wilson Creek area due to multiple third-party unplanned outages. This issue is expected to be mitigated going forward as Highwood controls the majority of the in-field infrastructure in the Brazeau area that makes up the majority of the Company's production after the Wilson Creek Disposition.

Outlook

The primary focus in the near-term is maintaining flexibility with lower leverage and continuing to focus on shareholder returns. Corporately, the Company is dedicated to growing Free Cash Flow, on a per share basis, while using prudent leverage to provide maximum flexibility for organic growth and/or other strategic M&A opportunities, with a longer-term goal to provide significant returns of capital to shareholders. Highwood will continue to review and assess opportunities which are accretive to the Company as Highwood seeks to grow its operations. The Company will also continue to assess land offerings in strategic areas where the Company sees significant growth opportunities.

Further Information

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ADVISORIES

Forward-Looking Information

Certain information contained in the news release may constitute forward-looking statements and information (collectively, "forward-looking statements") within the meaning of applicable securities legislation that involve known and unknown risks, assumptions, uncertainties and other factors. Forward-looking statements may be identified by words like "anticipates", "estimates", "expects", "indicates", "intends", "may", "could" "should", "would", "plans", "target", "scheduled", "projects", "outlook", "proposed", "potential", "will", "seek" and similar expressions. Forward-looking statements in this news release include statements regarding, among other things: plans to continue the Company's active capital program while commodity prices remain strong; Highwood's business, strategy, objectives, strengths and focus; the Company's drilling plans and expectations; the results of waterflood initiatives in Brazeau; ability to obtain financing and/or partnership to advance SAGD properties; ability to potentially access government funding support; and the performance and other characteristics of the Company's properties and expected results from its assets. Such statements reflect the current views of management of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions that could cause results to differ materially from those expressed in the forward-looking statements. With respect to forward-looking statements contained in this news release, the Company has made assumptions regarding, among other things: that commodity prices will be consistent with the current forecasts of its engineers; field netbacks; the accuracy of reserves estimates; average production rates; costs to drill, complete and tie-in wells; ultimate recovery of reserves; that royalty regimes will not be subject to material modification; future exchange and interest rates; supply of and demand for commodities; inflation; the availability of capital on satisfactory terms; the availability and price of labour and materials; the impact of increasing competition; conditions in general economic and financial markets; that the Company will be able to access capital, including debt, on acceptable terms; the receipt and timing of regulatory, exchange and other required approvals; the ability of the Company to implement its business strategies and complete future acquisitions; the Company's long term business strategy; and effects of regulation by governmental agencies.

Factors that could cause actual results to vary from forward-looking statements or may affect the operations, performance, development and results of the Company's businesses include, among other things: assumptions concerning operational reliability; risks inherent in the Company's future operations; the Company's ability to generate sufficient cash flow from operations to meet its future obligations; increases in maintenance, operating or financing costs; the realization of the anticipated benefits of future acquisitions, if any; the availability and price of labour, equipment and materials; competitive factors, including competition from third parties in the areas in which the Company intends to operate, pricing pressures and supply and demand in the oil and gas industry; fluctuations in currency and interest rates; inflation; risks of war, hostilities, civil insurrection, pandemics, political and economic instability overseas and its effect on commodity pricing and the oil and gas industry (including ongoing military actions between Russia and Ukraine, military action in Iran and the crisis in Israel and Gaza and related areas); severe weather conditions and risks related to climate change, such as fire, drought and flooding; terrorist threats; risks associated with technology; changes in laws and regulations, including environmental, regulatory and taxation laws, and the interpretation of such changes to the management team's future business; availability of adequate levels of insurance; difficulty in obtaining necessary regulatory approvals and the maintenance of such approvals; general economic and business conditions and markets; and such other similar risks and uncertainties. The impact of any one assumption, risk, uncertainty or other factor on a forward-looking *statement cannot be determined with certainty, as these are interdependent and the Company's future course of action depends on the assessment of all information available at the relevant time. For additional risk factors relating to Highwood, please refer to the Company's annual information form and management discussion and analysis for the year ended December 31, 2025, as well as the Company's management discussion and analysis for the period ended June 30, 2026, which are available on the Company's SEDAR+ profile at www.sedarplus.ca. The forward-looking statements contained in this news release are made as of the date hereof and the parties do not undertake any obligation to update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.*

FOFI Disclosure. *This news release contains future-oriented financial information and financial outlook information (collectively, "**FOFI**") about Highwood's prospective results of operations and production, and components thereof, 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 providing further information about Highwood's anticipated future business operations. 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. All FOFI contained in this news release complies with the requirements of Canadian securities legislation, including Canadian Securities Administrators' National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities. 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 the remainder of 2026 and payout on wells contained in this news release. The Company's actual results may differ materially from such estimates.*

Currency. *All amounts in this news release are stated in Canadian dollars unless otherwise specified.*

Abbreviations.

API	*American Petroleum Institute gravity*	*m3*	*metres cubed*
bbl	*barrels of oil*	*mbbl*	*thousand barrels of oil*
bbls/d	*barrels of oil per day*	*mcf/d*	*thousand cubic feet per day*
m	*metres*	*boe/d*	*boe per day*
boe	*barrels of oil equivalent*		

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

Caution Respecting Reserves Information

Readers should see the "Selected Technical Terms" in the Company's Annual Information Form dated May 14, 2026 that is available on the Company's SEDAR+ profile at www.sedarplus.ca for the definition of certain oil and gas terms.

*Disclosure in this news release of oil and gas information is presented in accordance with generally accepted industry practices in Canada and National Instrument 51-101 — Standards of Disclosure for Oil and Gas Activities ("**NI 51-101**"). Specifically, other than as noted herein, the oil and gas information regarding the Company presented in this news release is based on the report prepared by GLJ Ltd., independent petroleum consultants of Calgary, Alberta and dated February 27 , 2026 evaluating the light and medium crude oil, conventional natural gas, shale gas, and natural gas liquids reserves attributable to Highwood's properties at December 31, 2025 (the "**Reserves Report**").*

This news release may disclose potential future drilling locations in two categories: (a) booked locations; and (b) unbooked locations. Booked locations are proposed drilling locations identified in the Reserves Report that have proved and/or probable reserves, as applicable, attributed to them in the Reserves Report. Unbooked locations are internal estimates based on prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal technical analysis review. Unbooked locations have been identified by members of management. Unbooked locations do not have proved or probable reserves attributed to them in the Reserves Report. Highwood's ability to drill and develop these locations and the drilling locations on which Highwood actually drills wells depends on a number of known and unknown risks and uncertainties. As a result of these risks and uncertainties, there can be no assurance that the potential future drilling locations identified in this news release will ever be drilled or if Highwood will be able to produce crude oil, natural gas and natural gas liquids from these or any other potential drilling locations.

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 – In this news release, the abbreviation boe means a barrel of oil equivalent on the basis of 1 boe to 6 Mcf of natural gas when converting natural gas to boes. Boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf to 1 boe is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Additionally, given the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion ratio at 6:1 may be misleading.

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.

Non-GAAP and other Specified Financial Measures

This news release contains financial measures commonly used in the oil and natural gas industry. 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-GAAP measures should not be construed as an alternative to other measures of financial performance calculated in accordance with IFRS. These non-GAAP measures provide 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-GAAP 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 funds flow" The Company considers adjusted funds flow to be a key capital management measure as it demonstrates the Company's ability to generate required funds to manage production levels and fund future capital investment. The Company calculates adjusted funds flow as adjusted EBITDA less net interest and adjusting for decommissioning expenditures incurred.

"Asset Level Free Cash Flow" is used as an indicator of the efficiency and liquidity of the Company's Assets, 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 through 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.

"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.

"funds flow from operations" is calculated as cash flow from (used in) operating activities before changes in working capital and long term accounts payable.

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

"Senior Debt" represents the carrying value of the Company's senior debt instruments. The Company uses Senior Debt as Management believes it is useful information to investors and shareholders as it provides amounts owed to senior lenders, which are typically secured.

"Senior Debt / EBITDA" is calculated as senior debt drawn at the ending period of each financial quarter divided by the EBITDA for that period. The Company believes that Senior Debt / EBITDA is useful information to investors and shareholders in understanding the time frame, in years, it would take to eliminate Senior Debt based on current period Exit EBITDA.

"Return on invested capital" is calculated as the sum of field operating netbacks generated since inception and the gross proceeds of divestment divided by the original net cost of asset acquisitions and development. Management utilizes the cash return on invested capital measure in this news release to provide a measure of how much cash was generated from the Wilson Creek assets, relative to the Company's original capital investment in the assets, excluding the impact of discounting, taxes and general and administrative costs. The return on invested capital from the sale of Wilson Creek of >200% reported in this news release was calculated as field operating netbacks since inception of $82.5 million plus gross Upfront Consideration from the disposal net of transaction costs, divided by the Company's original net acquisition and development costs of $91.5 million.