HIGHWOOD
ASSET MANAGEMENT LTD.

HIGHWOOD ASSET MANAGEMENT LTD. ANNOUNCES FOURTH QUARTER AND FULL-YEAR 2024 RESULTS, 2024 YEAR-END RESERVES AND OPERATIONAL UPDATE

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

Calgary, Alberta, March 21, 2025

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, 2024 and to provide the results of its independent oil and gas reserves evaluation as of December 31, 2024, 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, 2024, are available on Highwood's website at www.highwoodmgmt.com and on SEDAR+ at www.sedarplus.ca.

Highlights

- Achieved average corporate production of 5,966 boe/d in Q4 2024, representing an increase of approximately 48% from the comparative period last year (average of 4,035 boe/d) as a result of successful 2024 drilling program.

- For the fourth quarter of 2024, Highwood delivered Adjusted EBITDA of $19.0 million ($1.25 per share) and adjusted funds flow of $7.2 million ($0.47 per share), representing increases of $8.7 million (85%) and $9.3 million (105%), respectively, over the comparative three-month period in 2023. [1]

- Highwood's top priority remains shareholder value where strong execution in 2024 was clearly demonstrated by NAV per share growth of approximately 35% on a PDP BTNPV10 NAV/share basis and approximately 13% on a 1P BTNPV10/share basis. Realized before-tax net present value, after debt, of booked reserves[1]:
    - PDP BTNPV10 of $262 million representing NAV $10.86/share and $10.07/share fully diluted.
        - Associated RLI of 9.1 years and delivered a recycle ratio of 2.2
    - 1P BTNPV10 of $515 million representing NAV $27.51/share and $23.42/share fully diluted.
        - Associated RLI of 14.1 years and recycle ratio of 2.2
    - 2P BTNPV10 of $819 million representing NAV $47.61/share and $39.54/share fully diluted.
        - Associated RLI of 21.0 years and recycle ratio of 2.9

- The Company incurred capital expenditures of approximately $11 million in the fourth quarter of 2024, with the majority of costs related to two gross (1.5 net) wells drilled — one well in Brazeau (booked) and one well in Wilson Creek (booked), along with seismic purchased in Wilson Creek and Bonnyville to assist the Company with its 2025 drilling program. The 2025 drilling program included 6 gross (4.3 net) wells drilled in the first quarter, which are expected to come onstream within 60 days.

- Highwood reiterates its guidance of a 2025 capital plan of $60–65 million, 2025 average production guidance of 6,200–6,400 boe/d (+10% increase at midpoint), Adjusted EBITDA of $88-92 million and a target 2025 Net Debt / 2025 Exit EBITDA ratio of approximately 0.8x. (1)(2)

- As a result of a successful drilling program that delivered significant PDP reserves growth, the Company's borrowing base has been increased from $110 million to $120 million during the fourth quarter of 2024. With the increase to the Company's borrowing base, the Company was able to extinguish the Promissory Note on November 26, 2024 which will result in a positive impact on interest expense with the credit facility bearing interest currently at approximately 7% per annum, compared to the 13% per annum borne by the Promissory Note. Furthermore, the early repayment will create additional financial flexibility for Highwood.

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$70.00/bbl; WCS Diff: US$14.00/bbl; MSW Diff: US$3.75/bbl; AECO: C$2.00/GJ; 0.73 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,		
	2024	**2023**	**%**	**2024**	**2023**	**%**
Financial (in thousands)						
Petroleum and natural gas sales	**$ 33,775**	$ 23,633	43	**$ 135,794**	$ 41,212	230
Transportation pipeline revenues	**$ 621**	$ 664	(7)	**$ 2,670**	$ 2,867	(7)
Total revenues, net of royalties[1]	**$ 21,167**	$ 29,918	(29)	**$ 109,498**	$ 41,038	167
Income	**$ 1,914**	$ 47,785	(96)	**$ 27,950**	$ 46,144	(39)
Funds flow from operations[5]	**$ 16,791**	$ 7,813	115	**$ 69,134**	$ 13,873	398
Adjusted EBITDA[5]	**$ 18,995**	$ 10,261	85	**$ 79,144**	$ 18,171	336
Capital expenditures	**$ 10,999**	$ 14,737	(25)	**$ 66,451**	$ 18,767	254
Net debt [2]				**$ 97,832**	$ 97,051	-
Shareholder's equity (end of year) [6]				**$ 132,087**	$ 104,199	27
Shares outstanding (end of year)				**15,154**	15,114	-
Weighted-average basic shares outstanding				**14,837**	9,723	53

	Three months ended December 31,			Year ended December 31,		
	2024	**2023**	**%**	**2024**	**2023**	**%**
Operations [(3)]						
Production						
Crude oil (bbls/d)	**3,638**	2,306	58	**3,580**	978	266
NGLs (boe/d)	**775**	526	47	**752**	210	259
Natural gas (mcf/d)	**9,319**	7,215	29	**8,965**	2,969	193
Total (boe/d)	**5,966**	4,035	48	**5,781**	1,682	1,682
Average realized prices [(4)]						
Crude oil *(Cdn$/bbl)*	**91.63**	95.07	(4)	**93.82**	99.44	(6)
NGL *(Cdn$/boe)*	**29.51**	36.22	(19)	**31.76**	37.52	(15)
Natural gas *(Cdn$/mcf)*	**1.17**	2.57	(55)	**1.30**	2.63	(50)
Operating netback (per BOE)	**$ 36.58**	$ 32.42	13	**$ 38.30**	$ 35.54	8

(1) Includes realized and 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*".
(6) Shares outstanding is adjusted for treasury shares purchased and held in trust.

2024 Reserves Summary

Highwoods assets were evaluated by GLJ effective December 31, 2024, in a report dated March 7, 2025, using the three Consultants' Average price forecast (the "**Reserves Report**"). GLJ is the Company's independent qualified reserves evaluator.

Significant intrinsic value recognized in Year-End 2024 Reserves. Realized before-tax net present value, after debt, of booked reserves as follows:

- PDP BTNPV10 of $262 million representing NAV $10.86/share and $10.07/share fully diluted.
- 1P BTNPV10 of $515 million representing NAV $27.51/share and $23.42/share fully diluted.
- 2P BTNPV10 of $819 million representing NAV $47.61/share and $39.54/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 2,220 Mboe to 18,243 Mboe, representing a 14% increase to volume along with a $44 million increase in value when compared to YE2023 yielding a RLI of 9.1 years
- 1P reserves increased by 5,037 Mboe to 36,920 Mboe, representing a 16% increase to volume along with a $52 million increase in value when compared to YE2023 yielding a RLI of 14.1 years
- 2P reserves increased by 8,450 Mboe to 61,200 Mboe, representing a 16% increase to volume along with a $74 million increase in value when compared to YE2023 yielding a RLI of 21.0 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 2024 at FD&A of $17.75 with associated recycle ratio of 2.2 based on 2024 netback of $38.30/boe
- 1P reserves: FD&A of $18.78/boe with associated recycle ratio of 2.2.
- 2P reserves: FD&A of $14.48/boe with associated recycle ratio of 2.9.

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	4.8	5.0	1.9	2.2
2P Reserves	7.0	7.2	2.5	2.9

2024 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*.

Working interest	Mboe	BTNPV10 ($M)
Proved Developed Producing	18,243	262,454
Total Proved	36,920	514,700
Proved Plus Probable	61,200	819,332

Company Reserves (working interest)

	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	6,463	5,026	50,774	41,855	0	0	3,302	2,499	18,243	14,515
Developed Non-Producing	314	223	3,641	2,718	0	0	243	155	1,164	831
Undeveloped	10,323	8,485	26,712	24,550	2,087	1,900	2,203	1,804	17,513	14,850
Total Proved	17,100	13,731	81,127	69,123	2,087	1,900	5,748	4,458	36,920	30,196
Total Probable	9,504	7,280	54,650	47,643	2,574	2,299	4,833	3,707	24,280	19,639
Total Proved Plus Probable	26,604	21,014	135,777	116,766	4,661	4,199	10,581	8,165	61,200	49,836

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	488,356	335,139	262,454	219,878	191,554	448,129	317,646	253,357	214,621	188,305	18.08	3.01
Developed Non-Producing	23,303	15,510	11,438	8,987	7,357	17,931	12,226	9,265	7,475	6,267	13.76	2.29
Undeveloped	518,437	340,991	240,808	176,959	133,462	398,528	257,424	177,773	127,276	93,124	16.22	2.70
Total Proved	1,030,096	691,640	514,700	405,824	332,373	864,588	587,297	440,396	349,372	287,696	17.05	2.84
Total Probable	784,700	455,447	304,632	221,659	170,212	603,253	347,418	230,124	165,721	125,962	15.51	2.59
Total Proved Plus Probable	1,814,797	1,147,087	819,332	627,483	502,584	1,467,841	934,715	670,519	515,092	413,658	16.44	2.74

Note: Unit values are based on Company Net Reserves.

Operational Update

With continued strong commodity prices in the year ended December 31, 2024, the Company focused primarily on the execution of its capital program. During this period, the Company executed a successful $66 million development capital program which included twelve additional wells, of which five were brought online in the first quarter, five in the third quarter and early fourth quarter of 2024 and the remainder in the first quarter of 2025. These twelve wells consisted of six fracture stimulated wells at Wilson Creek (booked), three fracture stimulated wells at Brazeau (booked) and three MLOH wells, two wells in Brazeau (two booked and one unbooked) and one well in Viking Kinsella (unbooked).

Highwood is set to drill six booked gross (4.3 net) wells in the first quarter or 2025. During this period, the Company's oil production has been impacted by long periods of severe cold weather, third party outages and delays in bringing new drills online. As a result, forecasted oil production for the first quarter is expected to be approximately 2,750 – 3,000 bbl/d and total first quarter production is expected to be 5,100 – 5,300 boe/d. Highwood still expects to achieve 2025 average production of 6,200–6,400 boe/d, as previously guided.

Outlook

The primary focus over the near-term is the execution of the Company's 2025 capital program while continuing to focus on shareholder returns. At December 31, 2024, 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 is continuing to evaluate its undeveloped lands for drilling opportunities and is planning to continue its active capital program while commodity prices remain strong.

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 return of capital to shareholders. The Company will also continue to assess land offerings in strategic areas where the Company sees significant growth opportunities.

Long Term Incentive Plan Grants

The Company has granted 176,500 Options, 92,250 Restricted Share Units ("**RSU**s"), $741 thousand worth of Performance Share Units ("**PSUs**") to Officers of the Company and 20,000 Deferred Share Units ("**DSUs**") to non-management directors. All Options, RSUs, PSUs and DSUs were granted effective March 21, 2025 and pursuant to the Company's share based compensation plan and are subject to the terms of the applicable grant agreements and the requirements of the TSX Venture Exchange ("**TSXV**").

The Options and RSU's granted vest 1/3 each on the first, second and third anniversary date of the grant. The exercise price of the Options will be the higher of $6.00 and the market closing price on March 21, 2025 per option.

The PSU's granted vest on the third anniversary of the date of grant.

The DSUs shall vest on the first anniversary of the date of grant. The DSUs are subject to TSXV acceptance. The Company relied on exemptions provided for by Multilateral Instrument 61-101 for the grants to the Directors and Officers of the Company.

Further Information

For further information about the Company please contact:

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ADVISORIES

Forward-Looking Information

Certain information contained in the press 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 press release include statements regarding, among other things: development of Highwood's potential new core area in Eastern Alberta targeting the Mannville stack; in the first quarter of 2025, drilling six booked gross (4.2 net) wells; plans to continue the Company's active capital program while commodity prices remain strong; Highwood's 2025 guidance (including debt reduction of approximately 15–20%; production of 6.2–6.4 Mboe/d (Liquids 75–78%); Adjusted EBITDA of $88–92 million; capital expenditures of $60–65 million; operating netback (per boe) of $36–38.00; and Net Debt / 2025 Exit EBIDTA of ~0.8x); Highwood's business, strategy, objectives, strengths and focus; the Company's drilling plans and expectations; 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 press 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 and the crisis in Israel and Gaza); 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, 2023, as well as the Company's management discussion and analysis for the period ended June 30, 2024, which are available on the Company's SEDAR+ profile at www.sedarplus.ca. The forward-looking statements contained in this press 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.

Short Term Results. *References in this press release to production test rates, initial test production rates, 7-day initial production rates, 30-day initial production rates and other short-term production rates that are useful in confirming the presence of hydrocarbons; however, such rates are not determinative of the rates at which such wells will commence production and decline thereafter and are not indicative of long term performance or of ultimate recovery. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for Highwood. A pressure transient analysis or well-test interpretation has not been carried out in respect of all wells. Accordingly, the Company cautions that the test results should be considered to be preliminary.*

FOFI Disclosure. *This press 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 press release was made as of the date of this press 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 press 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 press release should not be used for purposes other than for which it is disclosed herein. All FOFI contained in this press 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 full year 2024 and full year 2025 contained in this news release. The Company's actual results may differ materially from such estimates.*

Currency. *All amounts in this press 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*
bbl/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 press release.

Caution Respecting Reserves Information

Readers should see the "Selected Technical Terms" in the Company's Annual Information Form dated April 16, 2024 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 March 7, 2025 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, 2024 (the "**Reserves Report**").*

Reserves are classified according to the degree of certainty associated with the estimates as follows:

"Proved reserves" or "1P" are those reserves 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.

"Probable reserves" are those additional reserves that are less certain to be recovered than proved reserves.

"Proved plus probable reserves" or "2P" is the total of proved reserves and probable reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable 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.

This news release discloses 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 who are qualified reserves evaluators in accordance with NI 51-101 based on evaluation of applicable geologic, seismic, engineering, production and reserves information. 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.

"BT" means before tax.

"RLI" means reserves life index and is calculated as total company interest reserves divided by annual production.

"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.

Non-GAAP and other Specified Financial Measures

This news release contains financial measures commonly used in the oil and natural gas industry, including "Net Debt" and "Net Debt / 2025 Exit EBITDA". 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 its 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.

"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.

"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.

"2024 Exit EBITDA" is is calculated as Adjusted EBITDA for the month of December annualized. The Company believes that 2024 Exit EBITDA is useful information to investors and shareholders in understanding the EBITDA generated in the final month of 2024 which is indicative of future EBITDA.

"Free Cash Flow" is 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.

"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 / 2025 Exit EBIDTA*" *is is calculated as net debt at the ending period of each financial quarter divided by the 2025 Exit EBITDA. The Company believes that Net Debt / 2025 Exit EBITDA is useful information to investors and shareholders in understanding the time frame, in years, it would take to eliminate Net Debt based on 2025 Exit EBITDA.*

"2024 Net Debt / 2024 Exit EBITDA" is calculated as net debt at the ending period of the financial quarter ended December 31, 2024 divided by the anticipated 2024 Exit EBITDA. The Company believes that 2024 Net Debt / 2024 Exit EBITDA is useful information to investors and shareholders in understanding the time frame, in years, it would take to eliminate Net Debt based on 2024 Exit EBITDA.

"*Run Rate Net Debt / annualized Adjusted EBITDA*" *is is calculated as net debt at the end of the October 2024 divided by the estimated October 2024 Adjusted EBITDA. The Company believes that Run Rate Net Debt / annualized 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 October 2024 (being the most recent completed month) Adjusted EBITDA.*