



**/ CORRECTION – Highwood Asset Management Ltd. /**

In the news release, HIGHWOOD ASSET MANAGEMENT LTD. ANNOUNCES FIRST QUARTER 2025 RESULTS AND OPERATIONAL UPDATE, issued 15-May-2025 by Highwood Asset Management Ltd. over CNW, we are advised by the company that the fifth bullet should read "\$3.15/GJ" instead of "\$3.15/JG," and the table header for the Summary of Financial & Operating Results should read "2025" instead of "2023." The complete, corrected release follows:

**HIGHWOOD ASSET MANAGEMENT LTD. ANNOUNCES FIRST QUARTER 2025 RESULTS AND OPERATIONAL UPDATE**

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

**Calgary, Alberta, May 15, 2025**

Highwood Asset Management Ltd. ("**Highwood**" or the "**Company**") (TSXV: HAM) is pleased to announce financial and operating results for the three months ended March 31, 2025. The Company also announces that its unaudited financial statements and associated Management's Discussion and Analysis ("**MD&A**") for the period ended March 31, 2025, are available on Highwood's website at [www.highwoodmgmt.com](http://www.highwoodmgmt.com) and on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

**Highlights**

- Achieved average corporate production of 5,264 boe/d in Q1 2025, representing an increase of approximately 5% from the comparative period last year (average of 5,023boe/d). During this period, the Company's oil production was impacted by long periods of severe cold weather, third party outages and delays in bringing new drills online. However, corporate production is currently exceeding 6,300 boe/d with multiple wells continuing to clean up from the first quarter drilling program.
- For the first quarter of 2025, Highwood delivered Adjusted EBITDA of \$13.7 million (\$0.90 per share) and adjusted funds flow of \$11.98 million (\$0.79 per share). Highwood also delivered income of \$2.4MM (\$0.16/share), an increase of \$2.9MM from the comparative period in 2024.<sup>(1)</sup>
- The Company incurred capital expenditures of approximately \$33.2 million in the first quarter of 2025, with the majority of costs related to six gross (4.2 net) wells drilled — three booked wells in Brazeau and three booked wells in Wilson Creek, along with the completion and equipping of the 102/08-19-047-13W5 (the "**8-19 well**" that was drilled in December 2024). The 8-19 well was brought onstream during the second half of the first quarter and the remaining six wells drilled were brought onstream in the second quarter of 2025.
- As a result of the first quarter drilling program, the validated inventory of the Brazeau Basal Belly River play is now approximately 30 net locations (9 booked, 21 unbooked), with a payout of approximately 12 months. The 30 net locations represents approximately 30% of the prospective Brazeau Basal Belly River lands.<sup>(1)(2)</sup>

- The recent announcements of U.S. tariffs, OPEC+ production increases and economic uncertainty has resulted in significant volatility in commodity prices. Highwood's hedging program mitigates this volatility with approximately 2,200 bbls/day of oil hedged through the remainder of 2025 and 1,550 bbls/day of oil hedged in 2026 at an average contract price of approximately \$95.00CAD/bbl (WTI-NYMEX). Further, the Company also has approximately 5,500GJ/day of natural gas hedged at an average contract price of approximately \$3.15/GJ (AECO). The market value of Highwood's commodity contracts is approximately \$15 million in the money.
- Highwood reiterates its initial 2025 guidance issued in November 2024 of capital plan of \$60-65 million and to deliver average production of 6,200-6,400 boe/d (+10% increase YoY at midpoint). The guidance was issued based on a 2025 average WTI oil price of US\$70/bbl WTI which would yield Adjusted EBITDA of \$88-92 million and a 2025 Net Debt / 2025 Exit EBITDA ratio of approximately 0.8x. Each +/- US\$5/bbl move in 2025 average WTI prices results in approximately a +/- \$2.5 million move in EBITDA, which impacts the 2025 Net Debt / 2025 Exit EBITDA ratio by approximately 0.05x. <sup>(1)(2)</sup>

### 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 March 31,		
	2025	2024	%
<b>Financial (in thousands)</b>			
Petroleum and natural gas sales	\$ 27,980	\$ 29,089	(4)
Transportation pipeline revenues	599	689	(13)
Total revenues, net of royalties <sup>(1)</sup>	21,010	15,969	32
Income (loss)	2,355	(544)	533
Funds flow from operations <sup>(5)</sup>	11,904	14,827	(19)
Adjusted EBITDA <sup>(5)</sup>	13,690	17,435	(21)
Capital expenditures	33,172	25,698	29
Net debt <sup>(2)</sup>	\$ 121,209	\$ 108,072	12
Shareholder's equity (end of period)	134,436	103,436	30
Shares outstanding (end of period) <sup>(6)</sup>	15,154	15,148	0
Weighted-average basic shares outstanding	14,616	14,937	(2)

	Three Months Ended March 31,		
	2025	2024	%
<b>Operations <sup>(3)</sup></b>			
Production			
Crude oil (bbls/d)	2,824	3,126	(10)
NGLs (boe/d)	899	586	53
Natural gas (mcf/d)	9,250	7,869	18
Total (boe/d)	5,264	5,023	5
Average realized prices <sup>(4)</sup>			
Crude oil (Cdn\$/bbl)	91.84	89.56	3
NGL (Cdn\$/boe)	33.45	37.79	(11)
Natural gas (Cdn\$/mcf)	2.32	2.23	4
Operating netback (per BOE)	30.84	37.84	(18)
<sup>(1)</sup> Includes realized and unrealized gain and losses on commodity contracts.			
<sup>(2)</sup> 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.			
<sup>(3)</sup> For a description of the boe conversion ratio, see "Caution Respecting Reserves Information — Basis of Barrel of Oil Equivalent".			
<sup>(4)</sup> Before hedging.			
<sup>(5)</sup> See "Non-GAAP and Other Specified Financial Measures".			
<sup>(6)</sup> Shares outstanding is adjusted for treasury shares purchased and held in trust.			

## Operational Update

During the first quarter of 2025 the Company focused primarily on the execution of its capital program. During this period, the Company executed a successful \$33 million capital program which included the completion and equipping of the 8-19 well and six gross (4.2 net) additional wells being drilled. The 8-19 well was brought online in the first quarter and the remainder in the second quarter 2025.

The Company 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.

## 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 March 31, 2025, 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 two to three years.

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.

## 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; 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 EBITDA 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](http://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	m <sup>3</sup>	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 March 21, 2025 that is available on the Company's SEDAR+ profile at [www.sedarplus.ca](http://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 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 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.*

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

### **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.*

*"2025 Exit EBITDA" is calculated as Adjusted EBITDA for the month of December annualized. The Company believes that 2025 Exit EBITDA is useful information to investors and shareholders in understanding the EBITDA generated in the final month of 2025 which is indicative of future EBITDA.*

*"Free Cash Flow" 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 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.*

*"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 EBITDA" 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.*

