



## HIGHWOOD ASSET MANAGEMENT LTD. PROVIDES OPERATIONAL UPDATE AND APPOINTS RAY KWAN TO BOARD OF DIRECTORS

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

CALGARY, AB, October 31, 2024

Highwood Asset Management Ltd., (“**Highwood**” or the “**Company**”) (TSXV: HAM) is pleased to announce an operational update and appointment of Ray Kwan to the Board of Directors.

### Operational Update

- Highwood drilled its first well within the Basal Belly River horizon at Brazeau, which is analogous to the company’s activities at Wilson Creek. Highwood is encouraged with the early results from the well, which has been onstream for approximately 60 days and is currently producing in excess of 350 bbls/d of light oil. Furthermore, the success of this drill is expected to validate an additional twenty five drilling locations (unbooked) in the predictable Belly River shoreface horizon. These locations are not booked in Highwood’s independent third party engineering report.
- Highwood’s production for the third quarter of 2024 averaged approximately 5,600 boe/d and current production exceeds 6,300 boe/d.
- Highwood reiterates its 2024 guidance with capital expenditures of \$60–65 million, 2024 average & exit production guidance of 5,500 - 5,700 boe/d (8% increase at midpoint) and 6,400–6,500 boe/d (19% increase at midpoint), respectively. Depending on timing of capital in late December, the company expects to end the year with a 2024 Net Debt / 2024 Exit EBITDA ratio of between 0.8 - 0.9x. Over the 12-month period ended December 2024, Highwood expects to have grown production per share by over 50%.<sup>(1)(2)</sup>

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

(2) Based on Management’s projections (not Independent Qualified Reserves Evaluators’ forecasts) and applying the following pricing assumptions: WTI: US\$75.00/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.

The Company plans to announce its third quarter results on November 14, 2024.

## **Independent Director Appointment**

The Board of Directors is pleased to have appointed Mr. Ray Kwan to the Company's Board of Directors as an Independent Director and Chairman of the Audit Committee. Mr. Kwan brings over 20 years of experience in the energy sector and capital markets and currently the founder and managing partner of AXO Capital Corp, an energy focused family holding company. Mr. Kwan holds a BSc in Chemical Engineering from the University of Alberta and also is a CFA charterholder.

## **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: Highwood's business, strategy, objectives, strengths and focus; the Company's expectations regarding production, efficiency and operations of the recently stimulated well; 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: future pricing; commodity prices; 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; access to capital; 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 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 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.

The final day of production for the IP30 presented in this press release (October 29, 2024) is a field estimate only. Each day of well production is verified, through sales, one or two days after fluids are produced to surface.

**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.

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

#### **Abbreviations.**

API	American Petroleum Institute	m <sup>3</sup>	metres cubed
	gravity		
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		

**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 Annual Information Form filed on April 28, 2023 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”).*

*This news release contains oil and gas metrics commonly used in the oil and gas industry, including those set out below, which do not have standardized meanings or standard methods of calculation and may not be comparable to similar measures presented by other companies. Such metrics have been included in this news release to provide readers with an additional method to evaluate the Company’s performance. However, such measures are not reliable indicators of the Company’s future performance and should therefore not be unduly relied upon or used to make comparisons to other companies. Further, these metrics have not been independently evaluated, audited or reviewed and are based on historical data, extrapolations therefrom and management’s professional judgement, which involves a high degree of subjectivity. For these reasons, actual metrics attributable to any particular group of properties may differ from our estimates herein and the differences could be significant.*

*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 that have proved and/or probable reserves, as applicable, attributed to them. 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. 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.*

*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, including “Net Debt” and “Net Debt / 2024E 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.*

*“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.*

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

*“Net Debt / 2024E EBITDA” is calculated as net debt at the ending period of each financial quarter divided by the 2024 Adjusted EBITDA. The Company believes that Net Debt / 2024E 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 Adjusted EBITDA.*

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