



**HIGHWOOD ASSET MANAGEMENT LTD. PROVIDES OPERATIONAL UPDATE,  
INCLUDING ITS INAUGURAL MLOH WELL RESULT, AND REITERATES GUIDANCE  
FOR 2024 HIGHLIGHTED BY 25% ORGANIC GROWTH AND MATERIAL DEBT  
REDUCTION**

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

CALGARY, AB, November 22, 2023 - Highwood Asset Management Ltd., (“**Highwood**” or the “**Company**”) (TSXV: HAM) is pleased to announce an operational update, including its inaugural multi-lateral open hole (“**MLOH**”) well result, and to reiterate its 2024 guidance. Highwood anticipates allocating its organic free cash flow after sustaining capital on a 50:50 basis to support organic production growth of approximately 25% while also expecting to reduce Net Debt by approximately 25%, achieving Net Debt / 2024E EBITDA of under 0.8x in the next 12 months.

**Operational Update**

- Highwood commenced its drilling program on September 16, 2023, spudding the 102/13-09-048-14W5 MLOH well (the “**13-09 well**”) at Brazeau, which offsets the 12-09-048-14W5 MLOH well. After approximately 20 days of cleaning up post drilling operations, the 13-09 well has averaged approximately 300 bbls/d of oil over the past seven days which is in line with the projected type curve for this well.
- On October 21, 2023, the Company spud a second MLOH well at Brazeau 14-09-048-14W5 (the “**14-09 well**”), with the rig being released on November 19, 2023. The 14-09 well is expected to be onstream prior to the end of November 2023. Total capital costs for the 13-09 well and the 14-09 well was in line with the projected type curve forecast for these wells.
- On November 21, 2023, the Company spud a third well, 04-10-043-05W5 (the “**04-10 well**”), at Wilson Creek which is a follow up to the successful 102/06-04-043-05W5 well that achieved payout in under six months.
- Following the drilling of the 04-10 well, Highwood intends to drill a second well at Wilson Creek, a direct offset to the “102/06-04” well, the 100/03-04-043-05W5 well.
- Highwood conducted a workover program during the third quarter of 2023 which added approximately 180 bbls/d of oil production for capital of approximately \$500,000.

**Outlook and Guidance**

- Highwood reiterates its expected production guidance of approximately 5,200 boe/d, representing growth of approximately 25%, on expected capital expenditures of approximately \$40 million in 2024.

Highwood also expects to reduce Net Debt by approximately 25% reducing Net Debt / 2024E EBITDA to under 0.8x in the next 12 months, based on an US\$70/bbl WTI and C\$2.75/GJ AECO.<sup>(1)(2)(3)</sup>

- Following its acquisition of each of Castlegate Energy Ltd., Boulder Energy Ltd. and Shale Petroleum Ltd. early in the third quarter of 2023 (the “**Acquisitions**”), Highwood continued to hedge oil production as oil reached 2023 highs through September 2023 and is pleased it was able to secure hedges that are over US\$10/bbl higher than the forecasted realized crude oil pricing versus the forecasted pricing on the announcement of the Acquisitions on July 5, 2023, with the average WTI hedge price at over C\$100/bbl. Highwood has hedged approximately 38% of gross forecasted production for 2024 at an average WTI oil price of approximately \$103 CAD/bbl and an average AECO gas price of \$3.03 per gigajoule.

**Notes to Outlook and Guidance:**

- (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\$70.00/bbl; WCS Diff: US\$14.00/bbl; MSW Diff: US\$3.50/bbl; AECO: C\$2.75/GJ; 0.74 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. Cash flow figures assume completion of the Acquisitions on July 1, 2023 and illustrative hedges for total of 65% of net after royalty Proved Developed Producing reserves production. See “*Caution Respecting Reserves Information*” and “*Non-GAAP and other Specified Financial Measures*”.
- (3) Further information is provided in the Company’s prospectus supplement dated July 12, 2023 to the amended and restated short form base shelf prospectus dated May 19, 2023 for the Provinces of British Columbia, Alberta, Saskatchewan and Ontario and the short form base shelf prospectus dated May 19, 2023 for the provinces of Manitoba and New Brunswick.

The Company plans to announce its third quarter 2023 financial and operating results on November 29, 2023.

## **Further Information**

For further information about the Company please contact:

**Joel MacLeod**

Executive Chairman

403.719.0499

investorrelations@highwoodmgmt.com

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

## **Cautionary Note Regarding Forward-Looking Information**

*This news release contains certain statements and information, including forward-looking statements within the meaning of the “safe harbor” provisions of applicable securities laws, and which are collectively referred to herein as “forward-looking statements”. The forward-looking statements contained in this news release are based on Highwood’s current expectations, estimates, projections and assumptions in light of its experience and its perception of historical trends. When used in this news release, the words “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions, as they relate to Highwood, are intended to identify forward-looking statements.*

*These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Actual operational and financial results may differ materially from Highwood's expectations contained in the forward-looking statements as a result of various factors, many of which are beyond the control of the Company.*

*Undue reliance should not be placed on these forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur and may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Forward-looking statements may include, but are not limited to, statements with respect to:*

- the Company's expectations with respect to Highwood's financial and operational results following completion of the Acquisitions;*
- the Company's drilling plans, including the anticipated timing thereof;*
- the Company's estimates of the drilling locations inventory and tax pools associated with the Acquisitions;*
- the Company's expectations regarding capacity of infrastructure associated with its business;*
- anticipated operational results for 2023 and 2024 and beyond, including, but not limited to, estimated or anticipated production levels, decline rates, capital expenditures and sources of funding thereof, drilling plans and other information discussed in this news release;*
- anticipated financial results of the Company in 2023 and 2024 and beyond following completion of the Acquisitions, including but not limited to, Net Debt and Net Debt / 2024E EBITDA;*
- the performance characteristics of the Company and the oil and natural gas properties subject to the Acquisitions;*
- the Company's expectations regarding commodity prices and costs;*
- the Company's expectations regarding supply and demand for oil and natural gas;*
- expectations regarding the Company's ability to raise capital and to continually add to reserves through acquisitions and development;*
- the Company's expectation regarding its ability to return of capital to shareholders;*
- treatment under governmental regulatory regimes and tax laws;*
- fluctuations in depletion, depreciation, and accretion rates;*
- expected changes in regulatory regimes in respect of royalty curves and regulatory improvements and the effects of such changes; and*
- Highwood's business and acquisition strategy, the criteria to be considered in connection therewith and the benefits to be derived therefrom.*

*These forward-looking statements are not guarantees of future performance and are subject to a number of known and unknown risks and uncertainties that could cause actual events or results to differ materially, including, but not limited to:*

- failure to realize the anticipated benefits of acquisitions, including results and/or synergies of each of the Acquisitions;*
- unexpected costs or liabilities related to each of the Acquisitions;*
- volatility in market prices for oil and natural gas;*

- *operational risks and liabilities inherent in oil and natural gas operations;*
- *uncertainties associated with estimating oil and natural gas reserves;*
- *changes in royalty regimes;*
- *competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel;*
- *incorrect assessments of the value of benefits to be obtained from acquisitions and exploration and development programs;*
- *unforeseen difficulties in integrating assets acquired through acquisitions (including each of the Acquisitions) into the Company's operations;*
- *that the Company's ability to maintain strong business relationships with its suppliers, service providers and other third parties will be maintained;*
- *geological, technical, drilling and processing problems;*
- *fluctuations in foreign exchange or interest rates and stock market volatility;*
- *liquidity;*
- *commodity price volatility and adverse general economic, political and market conditions;*
- *the accuracy of oil and gas reserves estimates and estimated production levels as they are affected by exploration and development drilling and estimated decline rates;*
- *the uncertainties in regard to the timing of Highwood's exploration and development program;*
- *fluctuations in the costs of borrowing;*
- *political or economic developments;*
- *uncertainty related to geopolitical conflict;*
- *ability to obtain regulatory approvals; and*
- *the results of litigation or regulatory proceedings that may be brought against the Company; and*
- *changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry.*

*In addition, statements relating to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the reserves described can be profitably produced in the future.*

*There are numerous uncertainties inherent in estimating quantities of oil and natural gas and the future cash flows attributed to such reserves. The reserves and associated cash flow information set forth herein are estimates only. In general, estimates of economically recoverable oil and natural gas and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserves and resources recovery, timing and amount of capital investments, marketability of oil and natural gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially. For these reasons, estimates of the economically recoverable oil and natural gas attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different evaluators, or by the same evaluators at different times, may vary. The actual production, revenues, taxes and development and operating expenditures of the Company with respect to its reserves will vary from estimates thereof and such variations could be material. This news release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about the Company's prospective Net Debt and Net Debt / 2024E EBITDA, 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 describing the anticipated production growth of the*

*Company. Highwood's actual results, performance or achievement could differ materially from those expressed in, or implied by, such FOFI. 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.*

*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 fourth quarter of 2023 and full year 2024 contained in this news release. The Company's actual results may differ materially from such estimates.*

*With respect to forward-looking statements contained in this news release, the Company has made assumptions regarding, among other things: the ability of the Company to achieve anticipated benefits from the Acquisitions; 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; that the Company will be able to obtain skilled labour and other industry services at reasonable rates; the performance of assets and equipment; that the timing and amount of capital expenditures and the benefits therefrom will be consistent with the Company's expectations; the impact of increasing competition; that the conditions in general economic and financial markets will not vary materially; that the Company will be able to access capital, including debt, on acceptable terms; that drilling, completion and other equipment will be available on acceptable terms; that government regulations and laws will not change materially; that royalty rates will not change in any material respect; and that future operating costs will be consistent with the Company's expectations.*

*Although Highwood believes the expectations and material factors and assumptions reflected in these forward-looking statements are reasonable as of the date hereof, there can be no assurance that these expectations, factors and assumptions will prove to be correct.*

*Readers are cautioned not to place undue reliance on such forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur and the predictions, forecasts, projections and other forward-looking statements may not occur, which may cause Highwood's actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by this news release.*

*A more complete discussion of the risks and uncertainties facing Highwood is disclosed in Highwood's continuous disclosure filings with Canadian securities regulatory authorities at [www.sedarplus.ca](http://www.sedarplus.ca). All forward-looking information herein is qualified in its entirety by this cautionary statement, and Highwood disclaims any obligation to revise or update any such forward-looking information or to publicly announce the result of any revisions to any of the forward-looking information contained herein to reflect future results, events, or developments, except as required by law.*

### **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”). Specifically, other than as noted herein, the oil and gas information regarding the Acquisitions presented in this news release is based on: (i) in respect of Boulder Energy Ltd. (“**Boulder**”), the reserves report prepared by McDaniel & Associates Consultants Ltd. and dated April 3, 2023 evaluating oil, natural gas liquids and natural gas interests attributable to Boulder’s properties at January 1, 2023 (the “**Brazeau Reserves Report**”), (ii) in respect of Castlegate Energy Ltd. (“**Castlegate**”), the reserves report prepared by GLJ Ltd. and dated May 24, 2023 evaluating Castlegate’s oil, natural gas liquids and natural gas interests at January 1, 2023 (the “**Castlegate Reserves Report**”), and (iii) in respect of Shale Petroleum Ltd. (“**Shale**”), the reserves report prepared by GLJ Ltd. and dated January 18, 2023 evaluating Shale’s oil and gas reserves in aggregate at January 1, 2023 (the “**Shale Reserves Report**”, and together with the Brazeau Report and the Castlegate Report, the “**Acquisition Reserves Reports**”). Highwood has not engaged in any independent verification of any of the Brazeau Reserves Report, the Castlegate Reserves Report or the Shale Reserves Report, nor any of the contents thereof. Other than as noted herein, the oil and gas information regarding the Company presented in this news release is based on the reserves report prepared by GLJ Ltd. evaluating the crude oil, natural gas and natural gas liquids attributable to the Company’s properties at January 1, 2023 (the “**2022 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 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.*

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

*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.*

*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 Acquisition Reserves Reports that have proved and/or probable reserves, as applicable, attributed to them in the Acquisition Reserves Reports. 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 Acquisition Reserves Reports. 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.***