HIGHWOOD OIL COMPANY LTD. ANNOUNCES 2019 FOURTH QUARTER AND YEAR-END FINANCIAL AND OPERATING RESULTS AND 2019 YEAR-END RESERVES ALONG WITH AN UPDATE ON THE RED EARTH DIVESTITURE

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

Calgary, Alberta, April 28, 2020

Highwood Oil Company Ltd., ("**HOCL**" or the "**Corporation**") (TSXV: HOCL) is pleased to announce financial and operating results for the three months and twelve months ended December 31, 2019 and to provide the results of its independent oil and gas reserves evaluation as of December 31, 2019, prepared by GLJ Petroleum Consultants Ltd. ("**GLJ**").

Associated Management's Discussion and Analysis ("**MD&A**") dated April 28, 2020 and audited financial statements as at and for the year ended December 31, 2019, can be found at www.sedar.com and www.highwoodoil.com.

Q4 2019 Results and 2020 Activity

- Achieved production of 1,515 bbl/d of oil in the fourth quarter of 2019, an increase from 1,117 bbl/d in the fourth quarter of 2018.

- Acquired 45 gross (24.5 net) sections of Clearwater formation lands in 2019, bringing total sections to 215 gross (109.5 net) at December 31, 2019, presenting a significant inventory of exciting drilling opportunities with short cycle times. Minimal bookings for the Clearwater formation have been incorporated into the December 31, 2019 reserves providing significant reserve upside with only six and a half sections having booked locations.

- Drilled 4 wells (2.0 net) in the Clearwater play at Nipisi during the fourth quarter of 2019. The drilling activity included delineation of the Corporation's 32,000 acre gross (50.0 gross sections) Nipisi land position, further validating additional Nipisi drilling inventory.

- Drilled 5 wells (2.5 net) in the Clearwater play during the first quarter of 2020 where one well remains left outstanding to drill past casing point when commodity prices improve. The drilling activity included further delineation of the Corporation's Nipisi land position as well as a step-out well at Craigend where the Corporation holds a 17,920 acre gross land position (8,960 net). Since the Corporation began its Clearwater development program in the fourth quarter of 2018, it has drilled 19 wells (9.5 net) to today's date.

- Given current oil price environment, the Corporation ceased capital spending in March 2020 and will contemplate further Clearwater drilling once sustained price recoveries are seen.

- With current select shut-ins, current production from Highwood is approximately 150 bbl/d of oil post-closing of the Red Earth Divestiture.

Red Earth Divestiture Update

The Alberta Energy Regulator provided their conditional approval of the license transfers associated with the Red Earth Divestiture on April 24, 2020. The Corporation is currently addressing the transfer conditions and will move towards closing of the transaction in accordance with the terms of the purchase and sale agreement in the next few weeks.

Reserves

All references to reserves are to gross corporate reserves, meaning the Corporation's working interest reserves before deductions of royalties. The reserves were evaluated by GLJ Petroleum Consultants Ltd. ("GLJ") in accordance with National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101") dated April 6, 2020, and effective December 31, 2019. The Corporation filed their Annual Information Form ("AIF") on April 28, 2020 which contains the Corporation's reserves data and other oil and natural gas information required under NI 51-101.

All evaluations and summaries of future net revenue are stated prior to provision for interest, debt service charges or general and administrative expenses and after deduction of royalties, operating expenditures, estimated abandonment liabilities and estimated future development capital. The information included as ("NPV10") in the tables below represents the net present value of future net revenue before income taxes at a 10% discount rate based on GLJ's January 1, 2020 forecast price deck. It should not be assumed that the estimate of future net revenues reflected in the tables below represents fair market value of the reserves.

Summary of Oil and Gas Reserves as of December 31, 2019(1)(2)

	Total Oil Equivalent Basis (3)	
Reserves Category	**Company Gross (Mboe)**	**Company Net (Mboe)**
Proved		
Producing	3,630	3,240
Developed Non-Producing	1,556	1,411
Undeveloped	2,639	2,375
Total Proved	7,825	7,027
Total Probable	4,953	4,347
Total Proved Plus Probable	12,778	11,374

(1) Forecast prices are shown under the heading "Pricing Assumptions" in the Corporation's AIF dated April 28, 2020.
(2) Reserves information may not add due to rounding.
(3) Natural gas has been converted to barrels of oil equivalent on the basis of six (6) Mcf of natural gas being equal to one barrel of oil.

Summary of Net Present Value of Future Net Revenues as of December 31, 2019(1)(2)(3)

	Net Present Values of Future Net Revenue Before Income Taxes Discounted At (%/year)				
	0%	**5%**	**10%**	**15%**	**20%**
Reserves Category	**M$**	**M$**	**M$**	**M$**	**M$**
Proved					
Producing	116,595	101,679	89,664	80,138	72,534
Developed Non-Producing	46,477	37,691	30,806	25,572	21,581
Undeveloped	72,734	58,053	47,162	38,912	32,521
Total Proved	235,807	197,423	167,632	144,621	126,636
Total Probable	162,155	115,199	85,452	66,092	52,956
Total Proved Plus Probable	397,962	312,622	253,084	210,714	179,592

(1) Forecast prices are shown under the heading "Pricing Assumptions" in the Corporation's AIF dated April 28, 2020.
(2) Reserves information may not add due to rounding.
(3) It should not be assumed that the estimates of future net revenues presented in the tables represent the fair market value of the reserves. There is no assurance that the forecast prices and cost assumptions will be attained, and variances could be material.

Summary of Financial & Operating Results

	Three months ended December 31,		Year ended December 31,	
	2019	**2018**	**2019**	**2018**
Financial				
Oil and natural gas sales	**$ 7,907,718**	$ 7,336,814	**$ 33,348,020**	$ 21,826,363
Transportation pipeline revenues	**1,228,329**	1,308,526	**5,276,121**	3,948,611
Total revenues, net of royalties (1)	**7,410,354**	6,870,212	**19,796,066**	18,876,913
Loss	**6,582,622**	(1,223,306)	**11,012,724**	1,809,819
Cash flow from operating activities	**274,438**	(1,522,159)	**11,666,869**	(2,512,242)
Capital expenditures	**4,894,550**	6,419,621	**11,949,471**	23,248,021
Net debt (2)			**(34,179,493)**	(28,558,039)
Shareholder's equity (end of period)			**18,313,713**	24,579,552
Shares outstanding (end of period)			**6,013,965**	5,538,674
Weighted-average basic shares outstanding	**6,013,965**	5,538,674	**5,979,869**	5,538,674
Operations (6)				
Production				
Natural gas (Mcf/d)	-	12	-	30
Natural gas liquids (NGL) (bbls/d)	-	-	-	-
Crude oil (bbls/d)	**1,515**	1,117	**1,493**	1,120
Total (boe/d)	**1,515**	1,119	**1,493**	1,125
Average realized prices (3)				
Natural gas (per Mcf) (5)	-	2.01	-	1.35
NGL (per bbl) (5)	-	72.00	-	71.29
Crude Oil (per bbl)	**56.74**	30.27	**61.17**	61.06
Operating netback (per BOE) (4)	**10.88**	(3.38)	**18.28**	7.21
Wells drilled:				
Gross	**4.0**	4.0	**10.0**	6.0
Net	**2.0**	2.0	**5.0**	3.5
Success (%)	**100**	100	**100**	100

(1) Includes gains and losses on commodity contracts
(2) Net debt consists of bank debt and working capital surplus (deficit) excluding commodity contract assets and/or liabilities and commodity contract premium payable.
(3) Before hedging.
(4) See "Non-GAAP measures".
(5) Natural gas and NGL production and revenues are immaterial to the Company.
(6) For a description of the boe conversion ratio, see "Basis of Barrel of Oil Equivalent".

2019 Fourth Quarter Overview

Highwood's fourth quarter results were highlighted by revenues (excluding commodity contracts) of $9.6 million, an increase of $4.5 million from the same period in 2018 where the Corporation saw historically high pricing differentials in Western Canada. Netbacks in the fourth quarter of 2019 averaged $10.88/bbl compared to a loss of $3.38/bbl in the fourth quarter of 2018. Fourth quarter 2019 netbacks would have been higher without the $0.7 million of workover expenses Highwood incurred to bring Red Earth production back online. Highwood recognized $1.2 million of pipeline revenues during the fourth quarter, consistent with the $1.3 million of revenue recognized in the same quarter of 2018.

2019 Fourth Quarter Operations

Highwood successfully drilled 5 wells (2.5 net) in the Clearwater play at Nipisi during the fourth quarter of 2019. The drilling activity included delineation of the Corporation's 32,000 acre gross Nipisi land position, further validating Nipisi drilling inventory. Including 5 gross wells (2.5 net) drilled in January & February 2020, the Corporation has drilled 19 gross wells (9.5 net) in the Clearwater play since it started the Clearwater program in the fourth quarter of 2018. Total capital spend in the fourth quarter of 2019 was $4.9 million compared to $6.4 million in the fourth quarter of 2018 where the Corporation drilled 4 gross (2 net) wells in the Clearwater play. Of the $4.9 million expenditure, $4.5 million was development capital with $3.6 million spent on the drilling & completion of Clearwater wells and $0.9 million spent on the expansion of the Corporation's multi-well oil battery in Nipisi.

The Corporation continually reviews and revises its technical approach to drilling in the Clearwater and has shortened well cycle times and decreased costs as the program has evolved. The Corporation continues to have its land position delineated by offset operators who are also showing success with secondary recovery method pilot projects. The Corporation is currently undergoing a waterflood study project at Nipisi which would help to increase ultimate recovery factors if a producing well bore was switched to an injection well.

Outlook

The Corporation has ceased 2020 non-discretionary capital as a result of the Covid-19 Pandemic and the current price collapse seen in Western Canada and around the world. The Corporation has also undertaken corporate cost saving initiatives including reducing salaries and non-essential services to help protect its balance sheet in this suppressed market.

The Corporation remains excited about the drilling inventory it currently has in its portfolio for when pricing shows a significant, sustained recovery. The Clearwater oil resource play continues to deliver positive delineation results which underpin an expanding opportunity set for Highwood to pursue lower risk, highly economic, oil-weighted growth. Since early 2017, industry has spud more than 290 wells to delineate and quickly grow the Clearwater play to achieve production in excess of 25,000 bbl/d. Even within a pricing environment that has been very suppressed by historical standards, strong well economics characterized by short cycle times and quick payback periods supported industry drilling over 130 wells in 2019.

The Corporation has, and will continue to, evaluate acquisition opportunities in the M&A market, but will remain disciplined to pursue only those opportunities that are accretive and deleveraging to its balance sheet. The Corporation intends to build a growing profile of recurring free funds flow that will provide maximum flexibility fund growth, debt repayment and / or other strategic M&A opportunities in a non-dilutive fashion.

Further Information

For further information about the Corporation please contact:

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Oil and Gas Measures

Readers should see the "Selected Technical Terms" in the Annual Information Form filed on April 30, 2019 for the definition of certain oil and gas terms.

Basis of Barrels of Oil Equivalent – This news release discloses certain production information on a barrels of oil equivalent ("boe") basis with natural gas converted to barrels of oil equivalent using a conversion factor of six thousand cubic feet of gas (Mcf) to one barrel (bbl) of oil (6 Mcf:1 bbl). Condensate and other NGLs are converted to boe at a ratio of 1 bbl:1 bbl. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf:1 bbl is based roughly on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at sales point. Although the 6:1 conversion ratio is an industry-accepted norm, it is not reflective of price or market value differentials between product types. Based on current commodity prices, the value ratio between crude oil, NGLs and natural gas is significantly different from the 6:1 energy equivalency ratio. Accordingly, using a conversion ratio of 6 Mcf:1 bbl may be misleading as an indication of value.

Mcfe Conversions: Thousands of cubic feet of gas equivalent ("Mcfe") amounts have been calculated by using the conversion ratio of one barrel of oil (1 bbl) to six thousand cubic feet (6 Mcf) of natural gas. Mcfe amounts may be misleading, particularly if used in isolation. A conversion ratio of 1 bbl to 6 Mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of natural gas as compared to oil is significantly different from the energy equivalent of 1:6, utilizing a conversion on a 1:6 basis may be misleading as an indication of value.

Non-GAAP Measures

"Netback" is a non-GAAP financial measure and is calculated as revenues net of royalties, less transportation and processing charges and operating expenses and then divided by BOE or Mcf sold.

Other Warnings

The Exchange has in no way passed upon the merits of the proposed transaction and has neither approved *nor disapproved the contents of this press release.*

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

This news release contains forward-looking statements relating to the future operations of the Corporation and other statements that are not historical facts. Forward-looking statements are often identified by terms such as "will", "may", "should", "anticipate", "expects" and similar expressions. All statements other than statements of historical fact, included in this release, including, without limitation, statements regarding the future plans and objectives of the Corporation, are forward-looking statements that involve risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Corporation's expectations include risks detailed from time to time in the filings made by the Corporation with securities regulations.

The reader is cautioned that assumptions used in the preparation of any forward-looking information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Corporation. The reader is cautioned not to place undue reliance on any forward-looking information. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement. The forward-looking statements contained in this news release are made as of the date of this news release and the Corporation will update or revise publicly any of the included forward-looking statements as expressly required by Canadian securities law.