



**HIGHWOOD OIL COMPANY LTD. ANNOUNCES CLOSING ON PREVIOUSLY
ANNOUNCED DISPOSITION OF CLEARWATER ASSETS FOR \$40.8 MILLION IN CASH
AND AMENDMENT OF CREDIT FACILITY**

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

December 21, 2020

CALGARY, ALBERTA - Highwood Oil Company Ltd. (“**HOCL**”, “**Highwood**” or the “**Company**”) (TSXV:HOCL) announces the closing of its previously announced Clearwater disposition (the “Clearwater Disposition”) and revisions to the Company’s credit agreement.

Closing of Clearwater Disposition

Highwood is pleased to announce the successful closing of the Clearwater Disposition to Tamarack Acquisition Corp., a wholly owned subsidiary of Tamarack Valley Energy Ltd., for cash consideration of \$40.8 million. Proceeds will be used to repay amounts owing under the Company’s previous credit facility and other working capital deficits. Highwood is now positioned to achieve go forward shareholder value through a cleaner and less leveraged balance sheet.

Second Amended and Restated Credit Agreement (the “2nd ARCA”)

The Company, together with its sole lender, has executed a 2nd ARCA. The 2nd ARCA is comprised of a \$10.0 million conforming operating facility with a maturity date of May 31, 2021 and is no longer a reserve-based lending facility.

The Company will be required to maintain a current ratio of not less than 1.0:1.0 and such ratio is to be tested at the end of each fiscal quarter. The Company is required to maintain a net debt to cash flow ratio no greater than 3.0 for the fiscal quarter ended December 31, 2020 and 2.0:1.0 as at the last day of each fiscal quarter beginning March 31, 2021.

Further Information

For further information about the Company 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, 2020 for the definition of certain oil and gas terms.

Non-GAAP Measures

This press release refers to certain financial measures that are not determined in accordance with GAAP. Since non-GAAP measures do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies, securities regulations require that non-GAAP measures are clearly defined, qualified and reconciled to their nearest GAAP measure. Except as otherwise indicated, these non-GAAP measures are calculated and disclosed on a consistent basis from period to period. Specific adjusting items may only be relevant in certain periods.

The intent of non-GAAP measures is to provide additional useful information with respect to Highwood’s operational and financial performance to investors and analysts though the measures do not have any standardized meaning under IFRS. The measures should not, therefore, be considered in isolation or used in substitute for measures of performance prepared in accordance with IFRS. Other issuers may calculate these non-GAAP measures differently.

Warnings

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 Company 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 Company, 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 Company's expectations include risks detailed from time to time in the filings made by the Company 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 Company. 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 Company will update or revise publicly any of the included forward-looking statements as expressly required by Canadian securities law.