

Highwood Oil Company Ltd. Announces the Strategic Divestiture of Red Earth Property

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CALGARY, Nov. 13, 2020 - [Highwood Oil Company Ltd.](#), ("HOCL", "Highwood" or the "Company") (TSXV: HOCL) is pleased to announce that it has entered into an agreement with an arm's-length Alberta based, private oil and gas exploration and production company (the "Purchaser") to divest of the Company's Red Earth field for a total transaction value of \$2 million cash, plus customary closing adjustments (the "Divestiture"). As part of the Divestiture, the purchaser paid a \$200,000 non-refundable deposit into trust to be applied against the closing consideration. Current production from the Red Earth field is approximately 1,000 bbl/d of oil.

The Divestiture is closed into escrow subject to regulatory approval and license transfers. The Company anticipates closing conditions being satisfied in late January 2021. The effective date of the Divestiture is the closing date, being the 10th business day following the date upon which regulatory approval is received. The Divestiture does not include any working interests in the Company's Wabasca Crude Oil Transmission Pipeline.

STRATEGIC RATIONALE

With the recent success of the Clearwater Fairway and its drilling program, the Company considered the Red Earth asset non-core in nature. The Divestiture allows the Company to remove approximately \$30.0 million of undiscounted, uninflated decommissioning obligations from its schedule of liabilities. Highwood is focusing on the higher netback assets with low operating costs.

ADVISOR

National Bank Financial Inc. acted as financial advisor to Highwood with respect to the Divestiture.

Oil and Gas Measures

Readers should see the "Selected Technical Terms" in the Annual Information Form filed on April 30, 2020 for the definitions 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, 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 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.

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 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 regulatory authorities.

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 and certain of may be found under the heading "Risk Factors" in the Company's AIF. 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.

For more information about Highwood please contact: Greg Macdonald, President and Chief Executive Officer, 587.393.0862, investorrelations@highwoodoil.com

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