MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2025

May 14, 2025

Management's Discussion and Analysis

This management's discussion and analysis ("MD&A") of operating and financial results of Highwood Asset Management Ltd. ("Highwood" or the "Company") is dated May 14, 2025, and is based on currently available information. It should be read in conjunction with the audited consolidated financial statements and accompanying notes for the years ended December 31, 2024 and 2023 and the unaudited condensed interim consolidated financial statements for the three months ended March 31, 2025. Unless otherwise noted, all financial information is presented in Canadian dollars, and is in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. Additional information can be found at www.sedarplus.ca and www.highwoodmgmt.com.

Highwood's management is responsible for the integrity of the information contained in this report and for the consistency between the MD&A and consolidated financial statements. In the preparation of the consolidated financial statements, estimates are necessary to make a determination of future values for certain assets and liabilities. Management believes these estimates have been based on careful judgments and have been properly presented. The consolidated financial statements have been prepared using policies and procedures established by management and fairly reflect Highwood's consolidated financial position and results of operations.

Refer to the end of the MD&A for commonly used abbreviations.

Readers should read "Forward-Looking Statements" at the end of the MD&A, which explains the basis for and limitations of statements throughout this report that are not historical facts and may be considered "forward-looking statements" under securities regulations.

The Company's common shares and warrants trade on the TSX Venture Exchange ("TSX-V") under the symbol "HAM" and "HAM.WT".

All figures in tables are stated in thousands of Canadian dollars, except operational and per share amounts or as noted.

Description of Business

The Company is engaged in ownership and oversight of various operations with a primary focus on oil and gas production, with operations also in midstream energy operations and metallic minerals. The Company's current focus is to advance the exploitation of its oil and gas properties in Alberta.

Corporate Highlights and Outlook

- Achieved average corporate production of 5,264 boe/d in Q1 2025, representing an increase of approximately 5% from the comparative period last year (average of 5,023boe/d). During this period, the Company's oil production was impacted by long periods of severe cold weather, third party outages and delays in bringing new drills online. However, corporate production is currently exceeding 6,300 boe/d with multiple wells continuing to clean up from the first quarter drilling program.

- For the first quarter of 2025, Highwood delivered Adjusted EBITDA of $13.7 million ($0.90 per share) and adjusted funds flow of $11.98 million ($0.79 per share). Highwood also delivered income of $2.4MM ($0.16/share), an increase of $2.9MM from the comparative period in 2024.[1]

- The Company incurred capital expenditures of approximately $33.2 million in the first quarter of 2025, with the majority of costs related to six gross (4.2 net) wells drilled — three booked wells in Brazeau and three booked wells in Wilson Creek, along with the completion and equipping of the 102/08-19-047-13W5 (the "**8-19 well**" that was drilled in December 2024). The 8-19 well was brought onstream during the second half of the first quarter and the remaining six wells drilled were brought onstream in the second quarter of 2025.

- As a result of the first quarter drilling program, the validated inventory of the Brazeau Basal Belly River play is now approximately 30 net locations (9 booked, 21 unbooked), with a payout of approximately 12 months. The 30 net locations represents approximately 30% of the prospective Brazeau Basal Belly River lands.(1)(2)

- The recent announcements of U.S. tariffs, OPEC+ production increases and economic uncertainty has resulted in significant volatility in commodity prices. Highwood's hedging program mitigates this volatility with approximately 2,200 bbls/day of oil hedged through the remainder of 2025 and 1,550 bbls/day of oil hedged in 2026 at an average contract price of approximately $95.00CAD/bbl (WTI-NYMEX). Further, the Company also has approximately 5,500GJ/day of natural gas hedged at an average contract price of approximately $3.15/JG (AECO). The market value of Highwood's commodity contracts is approximately $15 million in the money.

- Highwood reiterates its initial 2025 guidance issued in November 2024 of capital plan of $60-65 million and to deliver average production of 6,200-6,400 boe/d (+10% increase YoY at midpoint). The guidance was issued based on a 2025 average WTI oil price of US$70/bbl WTI which would yield Adjusted EBITDA of $88-92 million and a 2025 Net Debt / 2025 Exit EBITDA ratio of approximately 0.8x. Each +/- US$5/bbl move in 2025 average WTI prices results in approximately a +/- $2.5 million move in EBITDA, which impacts the 2025 Net Debt / 2025 Exit EBITDA ratio by approximately 0.05x. (1)(2)

Notes to Highlights:

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

(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$3.75/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.

Operational Update

During the first quarter of 2025 the Company focused primarily on the execution of its capital program. During this period, the Company executed a successful $33 million capital program which included the completion and equipping of the 8-19 well and six gross (4.2 net) additional wells being drilled. The 8-19 well was brought online in the first quarter and the remainder in the second quarter 2025.

The Company will continue to review and assess opportunities which are accretive to the Company as Highwood seeks to grow its operations. The Company will also continue to assess land offerings in strategic areas where the Company sees significant growth opportunities.

Outlook

The primary focus over the near-term is the execution of the Company's 2025 capital program while continuing to focus on shareholder returns. At March 31, 2025, Highwood had over $300 million in tax pools, including more than $100 million in non-capital losses. Highwood does not anticipate being cash taxable for approximately two to three years.

Corporately, the Company is dedicated to growing Free Cash Flow, on a per share basis, while using prudent leverage to provide maximum flexibility for organic growth and/or other strategic M&A opportunities, with a longer-term goal to provide significant return of capital to shareholders. The Company will also continue to assess land offerings in strategic areas where the Company sees significant growth opportunities.

ORGANIZATION OF THE MD&A

Part 1 – BUSINESS AND STRATEGY OVERVIEW……………………………………………………..….5
Part 2 – SUMMARY OF CONSOLIDATED FINANCIAL RESULTS……………………………………….6
Part 3 – OPERATING RESULTS………………..…………………………………………………….7
Basis of Presentation…………………………………..…………………………………..7
Summary of Results……………………..………………………………………………7
Part 4 - SELECT CONSOLIDATED FINANCIAL DISCLOSURES.…………………………….……....11
Part 5 - CAPITALIZATION…..……………………………………………………………………17
Liquidity, capital resources and capital management…………………………………..…..17
Part 6 - OTHER……………………..……………………………………………………………….22
Critical Accounting Judgements, Estimates and Policies……..……………………………….....22
Non-GAAP and Specified Financial Measures…………………………………………………..22

PART 1 – OUR BUSINESS AND STRATEGY

Overview

Highwood is a junior asset manager with a current focus primarily in the upstream oil and gas space, as well as midstream oil and gas. Highwood's intention is to eventually oversee various operations including Environmental, Social and Governance ("ESG") and other clean energy transition subsectors, which include metallic minerals, clean energy technologies, upstream and midstream oil & gas production & processing.

- ✓ **Shareholder Return Focus**

  Steering future accretive acquisitions and organic growth opportunities will be prudent for shareholder returns.

- ✓ **Prudent Debt Adjusted Cashflow per Share Growth**

  Highwood will focus on growing production through a combination of executing capital plans and acquisitions. Current focus of the capital plan will be on developing the assets acquired in the Acquisitions and focusing on locations with strong rates of return and payouts of less than a year.

- ✓ **Debt Reduction**

  Committed to reducing Highwood's leverage profile with an aim to be approximately 0.8x Net Debt/2025 Exit EBITDA.

- ✓ **Sustainability**

  The Company is committed to having a positive impact in the communities in which they operate – setting partnerships up for long term successes.

PART 2 – SUMMARY OF CONSOLIDATED FINANCIAL RESULTS

Highwood Asset Management Ltd. – Consolidated Financial and Operating Highlights

(all tabular amounts expressed in $000's, except share numbers) (Canadian dollars)

	Three months ended March 31,	
	2025	2024
Financial		
Petroleum and natural gas sales	$ **27,980**	$ 29,089
Transportation pipeline revenues	$ **599**	$ 689
Total revenues, net of royalties and commodity contracts [1]	$ **21,010**	$ 15,969
Income (loss) and comprehensive income (loss)	$ **2,355**	$ (544)
Funds flow from operations [7]	$ **11,904**	$ 14,727
Adjusted EBITDA [7]	$ **13,690**	$ 17,435
Capital expenditures, net	$ **33,172**	$ 25,657
Working capital deficit *(end of period)* [2]	$ **(27,151)**	$ (28,791)
Net debt [3]	$ **121,209**	$ 108,580
Shareholders' equity *(end of period)*	**134,436**	103,436
Shares outstanding *(end of period)* [4]	**15,154**	15,148
Options outstanding *(end of period)*	**695**	159
Warrants outstanding *(end of period)*	**3,150**	3,150
Restricted share units outstanding *(end of period)*	**355**	90
Deferred share units outstanding *(end of period)*	**70**	20
Weighted-average basic shares outstanding[4]	**14,616**	14,937
Weighted-average diluted shares outstanding[4]	**15,041**	15,047
Operations [5]		
Production		
Crude oil *(bbls/d)*	**2,824**	3,126
NGL *(boe/d)*	**899**	586
Natural gas *(mcf/d)*	**9,250**	7,869
Total *(boe/d)*	**5,264**	5,023
Benchmark prices		
Crude oil		
Canadian Light *(Cdn$/bbl)*	**95.19**	94.93
Natural gas		
AECO *(Cdn$/mcf)*	**1.95**	1.85
Average realized prices [6]		
Crude oil *(Cdn$/bbl)*	**91.84**	89.56
NGL *(Cdn$/boe)*	**33.45**	37.79
Natural gas *(Cdn$/mcf)*	**2.32**	2.23
Operating netback *(per boe)* [7]	**30.84**	37.84

(1) Includes realized and unrealized gains and losses on commodity contracts.

(2) Working capital deficit excludes commodity contract net liability of $644 thousand (March 31, 2024 – $2.2 million), current portion of decommissioning liability of $1.6 million (March 31, 2024 - $1.6 million) and current portion of lease liabilities of $317 thousand (March 31, 2024 - $94 thousand).

(3) Net debt consists of bank debt, promissory note, long-term accounts payable and accrued liabilities and working capital deficit excluding commodity contract assets and/or liabilities, current portion of decommissioning liabilities and lease liabilities.

(4) Shares outstanding is adjusted for treasury shares purchased and held in trust

(5) For a description of the boe conversion ratio, see "Basis of Barrel of Oil Equivalent".

(6) Before hedging.

(7) See "Non-GAAP and other Specified Financial measures".

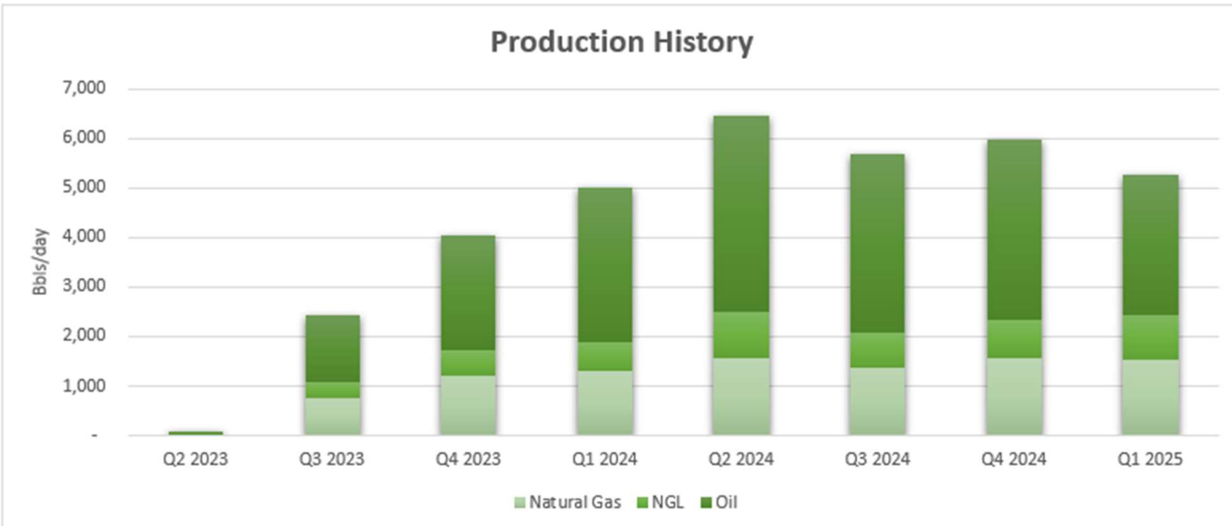
PART 3 – OPERATING RESULTS

Basis of Presentation

In the third quarter of 2023, the Company closed the acquisitions of Boulder Energy Ltd., Castlegate Energy Ltd., and Shale Petroleum Ltd., (collectively the "**Acquisitions**").

Summary of Results

Production



	Three months ended March 31, 2025	2024
Daily average volume		
Crude oil *(bbls/d)*	**2,824**	3,126
NGL (boe/d)	**899**	586
Natural gas (mcf/d)	**9,250**	7,869
Total sales *(boe/d)*	**5,264**	5,023
Total sales *(boe)*	**473,801**	457,136
Production weighting		
Crude oil and NGL	**71%**	74%

Overall production increased by 5% during the three months ended March 31, 2025 as compared to the same period in 2024 mainly due to a successful drilling campaigns during 2024. The last well spud in 2024 was in December, and this well was completed and brought online in the first quarter of 2025. In addition, the Company drilled 6 gross (4.2 net) wells during the three months ended March 31, 2025; which were brought on production during the second quarter of 2025.

Petroleum and Natural Gas Sales

	Three months ended March 31,	
	2025	2024
Crude oil	**$ 23,341**	$ 25,473
NGL	**2,706**	2,016
Natural gas	**1,933**	1,600
Total	**$ 27,980**	$ 29,089
Average realized prices before hedging		
Crude oil *($/bbl)*	**91.84**	89.56
NGL *($/boe)*	**33.45**	37.79
Natural gas *($/mcf)*	**2.32**	2.23
Equivalent *($/boe)*	**59.05**	63.63

Overall petroleum and natural gas revenue decreased slightly for the three months ending March 31, 2025 compared to the same period in 2024, driven primarily by a decrease in overall crude oil production. The majority of Highwood's oil production is light oil and benchmarked to Edmonton light pricing while natural gas is benchmarked to AECO pricing. Overall, the production mix in the three months ended March 31, 2025 is ~ 71% liquids (three months ended March 31, 2024 ~74%).

Western Canadian commodity prices continued to be volatile in 2024 and during 2025. In the short term, the Company anticipates continued price volatility. With respect to oil prices, significant factors include the unknown impact of transportation constraints in Alberta, tariffs, geopolitical issues, demand levels, as well as global inventory levels. The Company continues to monitor current and forecasted pricing.

Royalties

	Three months ended March 31,	
	2025	2024
	$	$
Royalties	**6,738**	5,833
Per boe	**14.22**	12.76
Percentage of sales	**24.1%**	20.1%

Highwood's royalty burden includes crown, gross over-riding and freehold royalties applicable on the Company's production sales, which are either paid or taken in kind. The terms of the land and mineral rights owner agreements and provincial royalty regimes impact Highwood's overall royalty rate.

The increase in royalties for the three months ended March 31, 2025 to the comparative period in 2024 is driven by the higher royalty rate the Company experienced during the first quarter of 2025.

During the three months ended March 31, 2025, royalties as a percentage of sales increased as compared to the same period last year. During the three months ended March 31, 2024, a higher percentage of production from new wells were on Drilling and Completion Cost Allowance ("C*"), which reduces the overall royalties. The royalty rate is sensitive to commodity prices, and as such, a change in commodity pricing will impact the actual rate.

Operating and Transportation Expense

	Three months ended March 31,	
	2025	2024
	$	$
Total operating and transportation	**6,970**	6,205
Per boe	**14.71**	13.57
Less midstream and other operating[1]	***(341)***	*(247)*
Upstream operating and transportation	**6,629**	5,958
Per boe	**13.99**	13.03

1) Amounts removed are operating costs related to midstream operations or metallic minerals operations. The purpose is to show the operating cost associated with each barrel of production.

During the three months ended March 31, 2025, overall total operating and transportation expenses increased as compared to the same period last year, mainly due to the increased production from the successful 2024 drilling campaigns, as well as increased workovers and cold weather impacts, and this also impacts the increase in total operating and transportation expenses per boe.

The midstream and other operating expenses mainly relate to the Wabasca River Pipeline System and EVI Terminal and these costs are removed from total operating and transportation expenses to show the operating and transportation costs associated with flowing barrels of production. Overall, these costs are fairly consistent year over year.

The Company has been actively working to reduce costs, by conducting abandonment and reclamation work on the non-producing properties, as well as reducing costs such as surface and mineral rentals. The Company is also assessing opportunities that are available with the Company's asset base to reduce operating and transportation costs and increasing operational efficiencies, such as using infrastructure the Company owns rather than through third parties for assets that were acquired within close proximity and taking over operatorship of assets.

Netback Analysis

	Three months ended March 31,	
	2025	2024
	$/boe	$/boe
Average sales price	**59.05**	63.63
Royalties	**(14.22)**	(12.76)
Upstream Operating and transportation	**(13.99)**	(13.03)
Operating netback	**30.84**	37.84

Operating netback reflects the profit that is made from each barrel of production, which is why upstream operating and transportation expenses are used in the calculation. During the current period, average sales price per boe decreased and royalties and operating costs per boe increased, contributing to the overall decrease in operating netback per boe for the three months ended March 31, 2025 as compared to the same period last year. Management continues to look at ways to maximize the operating netback.

Transportation Pipeline Revenues

The Company owns an interest in the Wabasca River Sales Pipeline, EVI Terminal and marketing revenues. Revenues are generated from a tariff charged to vendors who transport product on the pipeline. The EVI Terminal has a butane blending operation that generates revenues from the purchase and sale of butane. The EVI Terminal also has a heavy oil trucking facility which is currently not operational, however, the Company is assessing reactivating this portion of the terminal.

The Company's crude transmission line averaged throughput of 8,222M3/month during the three months ended March 31, 2025 (three months ended March 31, 2024 – 9,700M3/month). Volumes were down during the current period primarily due to third party production outages and natural declines of the third-party producers' production.

The Company anticipates additional volumes coming onto the pipeline as area producers continue to revive capital activity in the continued strong price environment. The Company is encouraged by the expected capital activity in 2025 by producers in the area.

	Three months ended March 31,	
	2025	2024
Transportation pipeline revenues	**$ 599**	$ 689

Overall, the decrease in transportation pipeline revenues in the current period is partly due to natural declines and third-party production outages. Additionally, during the current period, an internal line inspection was conducted which resulted in a temporary shutdown of the pipeline. Transportation pipeline revenues are generated on a tariff of $24.50/M3 of crude oil that is flowed through the pipeline.

Metallic Minerals

The metallic minerals segment includes industrial metal and mineral assets. During 2021, the Company amassed industrial metallic and mineral permits covering over 3.8 million acres in Alberta and British Columbia and issued its first National Instrument 43-101 Technical Report on Lithium from Brine on July 16, 2021 and an additional 43-101 Technical Report over the Ironstone prospective permits held by the Company on September 21, 2021. The Company also engaged the third-party resource evaluator to compile a 43-101 Resource Assessment specific to Drumheller, Alberta over the Lithium Brine prospective permits, which was completed February 21, 2022.

During the three months ended March 31, 2025 and 2024, the Company incurred capital expenditures of $1.4 million and $1.4 million, respectively. The costs in 2025 related to extending the leases and the costs in 2024 related to converting the majority of the industrial metallic and mineral permits into leases.

As the metallic minerals segment entails early-stage exploration projects, there was no revenue and minimal operating expenses associated with the segment for the three months ended March 31, 2025 and 2024.

As Highwood assesses additional information on its lithium Sub-properties, Highwood will continue to evaluate value maximization paths for its lithium assets including a potential public pure play, low carbon intensity lithium company spinout. In the event that the Company, or a spinout of the Company, is successful in raising funds through an equity raise that is being contemplated, the Company plans, and may be required, under the equity raise to outlay significant exploration capital in the near future.

Extraction technologies continue to be evaluated as well as potential go forward technology parties whom Highwood may elect to partner with moving forward.

PART 4 – SELECT CONSOLIDATED FINANCIAL DISCLOSURES

Risk Management

Highwood's cash flow is variable as oil and natural gas are commodities whose prices are determined by worldwide and/or regional supply and demand, transportation constraints, weather conditions, availability of alternative energy sources and other factors, all of which are beyond Highwood's control. World prices for oil and natural gas have remained fairly consistent in recent months but continue to be volatile.

Management of cash flow variability is an integral component of the Company's business strategy. Business conditions are monitored regularly and reviewed with the Board of Directors to establish risk management guidelines used by management in carrying out the Company's strategic risk management program.

The Company has elected not to use hedge accounting and, accordingly, the fair value of the financial contracts is recorded at each period-end. The fair value may change substantially from period to period depending on commodity forward strip prices for the financial contracts outstanding at the statement of financial position date. The change in fair value from period-end to period-end is reflected in the income for that period. As a result, income may fluctuate considerably.

The Company has the following commodity contracts outstanding at March 31, 2025 as required under the ARCA:

Swaps:

Product	Notional Volume	Term	Contract Price (CAD/GJ)	Index
Natural Gas	1,500GJ/day	April 1, 2025 to December 31, 2026	$ 3.13 - $ 3.20	AECO
Natural Gas	300GJ/day	November 1, 2025 to March 31, 2026	$ 3.50	AECO
Natural Gas	3,000GJ/day	April 1, 2025 to March 31, 2027	$ 3.15 - $ 3.40	AECO
Natural Gas	400GJ/day	May 1, 2025 to March 31, 2028	$ 3.00	AECO
Natural Gas	800GJ/day	November 1, 2025 to March 31, 2028	$ 3.00	AECO
Natural Gas	400GJ/day	October 1, 2025 to March 31, 2028	$ 3.01	AECO

Product	Notional Volume	Term	Contract Price (CAD/bbl)	Index
Crude Oil	200bbls/day	April 1, 2024 to September 30, 2025	$ 95.75 - $ 100.00	WTI - NYMEX
Crude Oil	200bbls/day	May 1, 2024 to October 31, 2025	$ 102.50 - $ 104.00	WTI - NYMEX
Crude Oil	300bbls/day	May 1, 2024 to December 31, 2025	$ 105.00 - $ 106.00	WTI - NYMEX
Crude Oil	100bbls/day	October 1, 2024 to September 30, 2025	$ 95.50	WTI - NYMEX
Crude Oil	100bbls/day	October 1, 2024 to December 31, 2025	$ 101.00	WTI - NYMEX
Crude Oil	100bbls/day	October 1, 2024 to March 31, 2026	$ 96.50	WTI - NYMEX
Crude Oil	100bbls/day	November 1, 2024 to March 31, 2026	$ 95.00	WTI - NYMEX
Crude Oil	100bbls/day	November 1, 2024 to July 31, 2025	$ 95.00	WTI - NYMEX
Crude Oil	200bbls/day	January 1, 2025 to December 31, 2025	$ 92.00 - $ 92.23	WTI - NYMEX
Crude Oil	100bbls/day	February 1, 2025 to December 31, 2026	93.00	WTI - NYMEX
Crude Oil	500bbls/day	April 1, 2025 to September 30, 2025	$ 94.00 - $ 95.00	WTI - NYMEX
Crude Oil	300bbls/day	April 1, 2025 to December 31, 2026	$ 93.00 - $ 93.31	WTI - NYMEX
Crude Oil	100bbls/day	July 1, 2025 to June 30, 2026	$ 91.50	WTI - NYMEX
Crude Oil	100bbls/day	October 1, 2025 to March 31, 2026	$ 97.00	WTI - NYMEX
Crude Oil	200bbls/day	October 1, 2025 to September 30, 2026	$ 93.00 - $ 96.00	WTI - NYMEX
Crude Oil	400bbls/day	October 1, 2025 to December 31, 2026	$ 92.00 - $ 94.00	WTI - NYMEX
Crude Oil	500bbls/day	January 1, 2026 to December 31, 2026	$ 93.00 - $ 96.00	WTI - NYMEX

Product	Notional Volume	Term	Contract Price (CAD/bbl)	Index
MSW Differential	100bbls/day	April 1, 2024 to September 30, 2025	$ 4.75	TMX-1A-SW
MSW Differential	500bbls/day	June 1, 2024 to September 30, 2025	$ 3.75	TMX-1A-SW
MSW Differential	600bbls/day	January 1, 2025 to December 31, 2025	$ 4.75 - $ 5.25	TMX-1A-SW
MSW Differential	650bbls/day	May 1, 2025 to December 31, 2025	$ 6.25 - $ 6.40	TMX-1A-SW

Electricity:

Product	Notional Volume	Term	Contract Price (CAD/MWh)	Index
Electricity	500 MWh/month	September 1, 2024 to July 31, 2026	$ 55.75	Alberta Power Pool – AESO (Flat)

The commodity contracts had a total fair value at March 31, 2025 of a liability of $185 thousand (December 31, 2024 – asset of $1.4 million). The corresponding unrealized loss for the three months ended March 31, 2025 was $1.58 million (three months ended March 31, 2024 – $9.27 million) and is included in the statement of income (loss) and comprehensive income (loss). Total realized gain (loss) for the three months ended March 31, 2025 was $(115 thousand) (three months ended March 31, 2024 – gain of $722 thousand) and is also included in the statement of income (loss) and comprehensive income (loss).

Subsequent to March 31, 2025, the Company entered into the following commodity contracts:

Product	Notional Volume	Term	Contract Price (CAD/bbl)	Index
MSW Differential	200bbls/day	October 1, 2025 to December 31, 2025	$ 6.25	TMX-1A-SW
MSW Differential	750bbls/day	January 1, 2026 to December 31, 2026	$ 6.75	TMX-1A-SW

	Three months ended March 31,	
	2025	2024
	$	$
Realized (loss) gain on commodity contracts	**(115)**	722
Unrealized loss on commodity contracts	**(1,582)**	(9,270)

General and Administrative (G&A)

	Three months ended March 31,	
	2025	2024
	$	$
Gross G&A	**2,275**	1,530
Capitalized G&A	**(410)**	(100)
G&A	**1,865**	1,430
G&A/boe	**3.94**	3.13

Overall G&A expenses increased during the three months ended March 31, 2025, compared to the respective period in 2024, mainly due to increased staffing requirements associated with the growth of the Company, which are vital to the Company achieving the objectives of shareholder returns and debt reduction, as well as the overall growth of the Company. Additionally, during the three months ended March 31, 2025, the Company incurred increased expenses related to software licenses. The Company continues to focus on reducing G&A costs wherever possible.

Share-based Compensation

	Three months ended March 31,	
	2025	2024
	$	$
Share-based compensation	**475**	209

The increase in share-based compensation during the three months ended March 31, 2025 from the comparative period of 2024 is mainly due to the granting of options, Restricted Share Units ("RSU's"), and Performance Share Units ("PSU's") and Deferred Share Units ("DSU's") in April 2024, October 2024, November 2024, and March 2025.

Depletion and Depreciation ("D&D")

	Three months ended March 31,	
	2025	2024
	$	$
D&D	**6,006**	5,426
Per boe	**12.68**	11.87

The increase in D&D for the three months ended March 31, 2025, as compared to the prior period, is mostly due to development capital expenditures incurred during the current period totaling approximately $33.2 million. This, combined with the slight increase in production during the current periods, has resulted in the overall increase in D&D.

Impairment

The Company assesses many factors when determining if an impairment test should be performed. At March 31, 2025, the Company conducted an assessment of impairment indicators for the Company's CGU's. No indicators of impairment at March 31, 2025 were identified.

Finance Expenses

	Three months ended March 31,	
	2025	2024
	$	$
Interest on bank debt	**1,803**	2,285
Interest on promissory note	**-**	454
Interest income	**(17)**	(31)
Cash finance expenses	**1,786**	2,708
Accretion of decommissioning liabilities	**236**	229
Amortization of debt issue costs	**299**	166
Other expense	**13**	13
Non-cash finance expense	**548**	408
Total finance expenses	**2,334**	3,116

Interest on bank debt relates to interest and fees paid to Highwood's bankers to service the bank debt. Interest on bank debt decreased for the three months ended March 31, 2025, as compared to the same period last year, mainly due to lower average interest rates charged on bank balances. Overall cash finance expense decreased for the three months ended March 31, 2025 compared to the same period last year due to extinguishing the Promissory Note in late 2024.

Accretion for decommissioning liabilities for the three months ended March 31, 2025 increased slightly compared to the same period in 2024 mainly due to a slight increase in the net decommissioning liability.

Interest rates for the bank debt are based on the Company's most recent quarter consolidated total debt to EBITDA ratio (as defined in the credit facility agreement).

Deferred Tax Expense

Deferred tax was an expense of $918 thousand for the three months ended March 31, 2025, compared to a recovery of $105 thousand for the same period last year. The expense during the current period is mainly due to the utilization of tax pools, including non-capital losses, to offset taxable income.

Income (loss) and comprehensive income (loss)

The Company realized income and comprehensive income of $2.4 million for the three months ended March 31, 2025 (March 31, 2024 - loss and comprehensive loss of $544 thousand). The overall loss incurred during the three months ended March 31, 2024 was driven primarily by non-cash expenses including unrealized loss on commodity contracts.

	Three months ended March 31,	
	2025	2024
	$	$
Income (loss) and comprehensive income (loss)	2,355	(544)
Per weighted average share, basic	0.16	(0.04)
Per weighted average share, diluted	0.16	(0.04)

Selected Quarterly Information

Three months ended	Mar. 31, 2025	Dec. 31, 2024	Sep. 30, 2024	Jun. 30, 2024	Mar. 31, 2024	Dec. 31, 2023	Sept. 30, 2023	Jun 30, 2023
Financial ($000s, except per share amounts and share numbers)								
Petroleum and natural gas sales	27,980	33,775	34,201	38,729	29,089	23,633	15,894	728
Transportation pipeline revenues	599	621	662	698	689	664	774	681
Income (loss)	2,355	1,914	16,105	10,475	(544)	47,785	(1,014)	(600)
Capital expenditures *(net)*	33,172	10,999	20,748	9,047	25,657	14,737	2,917	428
Total assets *(end of quarter)*	318,106	292,126	296,271	269,706	272,357	257,079	198,416	20,530
Working capital surplus (deficit)[1] *(end of quarter)*	(27,151)	(7,113)	(26,531)	(23,746)	(28,791)	(13,867)	(2,669)	(1,206)
Shareholders' equity *(end of quarter)*	134,436	132,087	130,285	114,004	103,436	104,199	56,676	10,190
Weighted-average basic shares outstanding *(000s)*	14,616	14,754	14,801	14,907	14,937	14,971	11,728	6,037
Operations								
Production								
Crude oil *(bbls/d)*	2,824	3,638	3,607	3,947	3,126	2,306	1,359	95
NGL *(boe/d)*	899	775	701	946	586	526	305	-
Natural Gas *(mcf/d)*	9,250	9,319	8,194	9,398	7,869	7,215	4,565	-
Total *(boe/d)*	5,264	5,966	5,673	6,459	5,023	4,035	2,425	95
Average realized prices *($)*								
Crude oil *(per bbl)*	91.84	91.63	94.91	98.22	89.56	95.07	109.07	83.93
NGL *(per boe))*	33.45	29.51	33.48	28.61	37.79	36.22	39.75	-
Natural Gas *(per mcf)*	2.32	1.17	0.73	1.16	2.23	2.57	2.59	-

1) Working capital surplus/deficit excludes commodity contract asset/liability, current portion of decommissioning liability and current portion of lease liabilities.

Inherent to the nature of the energy industry, fluctuations in Highwood's quarterly petroleum and natural gas sales, transportation pipeline revenues, and income or loss are primarily caused by variations in production volumes, realized commodity prices and the related impact on royalties, realized and unrealized gains/losses on financial instruments, changes in per-unit expenses, and deferred income taxes. Please refer to the Operating Results and Select Consolidated Financial Disclosures sections above for an explanation of changes.

Capital Activity

	Three months ended March 31, 2025	2024
	$	$
Land and leases	**1,557**	1,511
Seismic and other pre-drilling costs	**1,066**	260
Production equipment and facilities	**1,770**	3,584
Drilling and completions	**29,833**	20,302
	34,226	25,657

At March 31, 2025, the Company had E&E assets of $9.6 million (December 31, 2024 – $8.0 million). This amount is mainly related to undeveloped upstream oil and gas lands and exploration activities where technical feasibility has not yet been determined, along with renewal of lithium leases in the first quarter of 2025.

At March 31, 2025, the Company had gross property and equipment of $299.6 million (December 31, 2024 - $263.0 million). This included developed land and costs associated with the wells the Company has drilled and acquired to date, as well as midstream infrastructure it had acquired. The Company incurred capital expenditures of $34.2 million during the three months ended March 31, 2025, mainly related to drilling and completions activities.

PART 5 – CAPITALIZATION

Share Capital and Share Based Compensation Activity

As at March 31, 2025, the Company had 15,154,279 common shares, 3,150,000 warrants, 695,067 options, 354,852 RSUs, 70,000 DSUs outstanding and 585,826 common shares held in trust related to the PSU plan.

As at date of this MD&A, the Company had 15,154,279 common shares, 3,150,000 warrants, 695,067 options, 342,854 RSUs, 70,000 DSUs outstanding and 648,622 common shares held in trust related to the PSU plan.

During the three months ended March 31, 2025, the Company granted 280,411 options at an exercise price of $6.14 per option. The options granted vest 1/3 on each of the annual anniversary dates and have a five-year term.

During the three months ended March 31, 2025, the Company granted 140,805 RSUs. The RSUs granted vest 1/3 on each of the annual anniversary dates. In addition, 1,466 RSUs were exercised resulting in 1,466 common shares being issued.

During the three months ended March 31, 2025, the Company granted $980 thousand worth of PSUs. The PSUs have a performance date three years from date of grant.

During the three months ended March 31, 2025, the Company granted 20,000 DSUs. The DSUs granted vest one-year from the grant date.

Subsequent to March 31, 2025, 11,998 RSU's were exercised on April 15, 2025 and 46,400 common shares have been purchased and held in trust related to the PSU plan.

Liquidity, Capital Resources and Capital Management

<u>*Capital Management*</u>

Net Debt

The Company considers net debt a key capital management measure in assessing the Company's liquidity.

The following table outlines the Company's calculation of net debt:

	March 31, 2025	December 31, 2024
Adjusted current assets[1]	**$ 28,624**	$ 31,928
Adjusted current liabilities[1]	**(55,775)**	(39,041)
Adjusted working capital	**(27,151)**	(7,113)
Bank debt	**(94,058)**	(90,719)
Total net debt	**$ (121,209)**	$ (97,832)

Note 1: Adjusted current assets and current liabilities excludes commodity contracts, current portion of lease liabilities and current portion of decommissioning obligations.

The increase in net debt during the three months ended March 31, 2025 is due to the capital expenditures incurred in the first quarter.

Adjusted EBITDA

The Company considers adjusted EBITDA to be a key capital management measure as it demonstrates the Company's profitability, operating and financial performance with respect to cash flow generation, adjusted for interest related to its capital structure. Adjusted EBITDA is calculated by adjusting cash flows from operating activities for changes in non-cash working changes and interest.

Adjusted funds flow

The Company considers adjusted funds flow to be a key capital management measure as it demonstrates the Company's ability to generate required funds to manage production levels and fund future capital investment. Management believes that this measure provides an insightful assessment of the Company's operations on a continuing basis by removing certain non-cash charges, decommissioning expenditures, of which the nature and timing of expenditures may vary based on the stage of the Company's assets and operating areas, and transaction costs which vary based on the Company's acquisition and disposition activity. The Company calculates adjusted funds flow as adjusted EBITDA less net interest and adjusting for decommissioning expenditures incurred.

Free funds flow

The Company considers free funds flow to be a key capital management measure as it is used to measure liquidity and efficiency of the Company by measuring the funds available after capital investment available for debt repayment, to pursue acquisitions and shareholder distributions. The Company calculates free funds flow as adjusted funds flow less expenditures on property, plant and equipment and exploration and evaluation assets (collectively, the "capital expenditures").

The following table outlines the Company's calculation of adjusted EBITDA, adjusted funds flow and free funds flow to cash flow from operating activities:

	Three months ended March 31,	
	2025	2024
Cash flow from operating activities	**$ 16,252**	$ 11,417
Change in non-cash working capital	**(4,348)**	3,310
Net interest[1]	**1,786**	2,708
Adjusted EBITDA	**13,690**	17,435
Decommissioning expenditures	**80**	100
Net interest[1]	**(1,786)**	(2,708)
Adjusted funds flow	**11,984**	14,827
Net capital expenditures, net	**(33,172)**	(25,657)
Free funds flow	**$ (21,188)**	$ (10,830)

Note 1: Net interest is interest on bank debt and promissory note less interest income

The decrease in Adjusted EBITDA, Adjusted funds flow and Free funds flow for the three months ended March 31, 2025, compared to the same period in 2024, is primarily due to increased capital expenditures during the current period.

The Company makes adjustments to capital employed by monitoring economic conditions and investment opportunities. The Company generally relies on credit facilities and cash flows from operations to fund capital requirements. To maintain or modify its capital structure, the Company may issue new common or preferred shares, issue new subordinated debt, renegotiate existing debt terms, or repay existing debt. The Company is not currently subject to any externally imposed capital requirements, other than covenants on its Amended and Restated Credit Agreement (the "ARCA").

Liquidity and Capital Resources

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities as they become due. The Company's financial liabilities, excluding commodity contracts consist of accounts payable and accrued liabilities and bank debt.

The Company has an Amended and Restated Credit Agreement (the "ARCA"). The ARCA is comprised of senior secured extendible revolving credit facilities in the aggregate principal amount of up to $120 million with a syndicate of banks. The ARCA is comprised of revolving credit facilities consisting of a $10 million operating facility and a syndicated loan facility to a maximum of $110 million. The ARCA allows the Company to enter into Letters of Credit up to a maximum of $20 million.

At March 31, 2025, the Company had a working capital deficit of $27.2 million, excluding commodity contract asset and liability, current portion of decommissioning liability, and current portion of lease liabilities. The capital intensive nature of the Company's operations may create a working capital deficiency position during periods with high levels of capital investment. The working capital deficit at March 31, 2025, was mainly driven by the capital program incurred during the first quarter of 2025. The Company expects to repay its financial liabilities in the normal course of operations and to fund future operational and capital requirements through operating cash flows and available capacity on the Company's ARCA. The maturity date of the bank debt is August 2, 2026; therefore, all bank debt has been classified as long-term.

The Company monitors liquidity risk through cost control, debt and equity management policies. Strategies include continuously monitoring of forecast and actual cash flows, financing activities and available credit available under the ARCA. The nature of the oil and gas industry is very capital intensive. The Company prepares annual capital expenditure budgets and utilizes authorizations for expenditures and capital committees for projects to manage capital expenditures.

The Company may need to conduct asset sales, equity issues or issue debt if liquidity risk increases in a given period. Liquidity risk may increase as a result of potential revisions to the Company's ARCA, which is subject to semi-annual reviews. Company also maintains and monitors a certain level of cash flow which is used to partially finance all operating and capital expenditures. The Company believes it has sufficient funds and operating cash flows to meet foreseeable obligations by actively monitoring its credit facilities and coordinating payment and revenue cycles each month. However, there are no assurances that the lender will maintain the borrowing base at the current level, which may result in a borrowing base shortfall. If the Company cannot generate sufficient funds to meet the borrowing base shortfall it would constitute an event of default under the loan agreement and the bank could demand immediate repayment of the outstanding loan amount. The Company actively monitors covenants associated with the credit facilities and was in compliance at March 31, 2025.

The following table details the Company's financial liabilities, excluding commodity contracts, as at March 31, 2025:

	Total	**<1 year**	**1-3 years**
Accounts payable and accrued liabilities	**$ 55,775**	$ 55,775	$ -
Bank debt	**94,058**	-	94,058
Lease liabilities	**450**	317	133
Total financial liabilities	**$ 150,283**	$ 56,092	$ 94,191

Off-Balance-Sheet Arrangements

The Company does not have any special-purpose entities nor is it a party to any arrangements that would be excluded from the statement of financial position.

Environmental Initiatives Affecting Highwood

The oil and gas industry has a number of environmental risks and hazards and is subject to regulation by all levels of government. Environmental legislation includes, but is not limited to, operational controls, site restoration requirements and restrictions on emissions of various substances produced in association with oil and natural gas operations. Compliance with such legislation could require additional expenditures and a failure to comply may result in fines and penalties which could, in the aggregate and under certain unlikely assumptions, become significant. Operations are continuously monitored to minimize the environmental impact and capital is allocated to reclamation and other activities to mitigate the impact on the areas in which we operate.

PART 6 – OTHER

Critical Accounting Judgments, Estimates and Policies

The Company's critical accounting judgements, estimates and policies are described in notes 2 and 3 to the December 31, 2024 annual consolidated financial statements as well as included in the Company's annual MD&A as at December 31, 2024 as well as in note 2 of the condensed interim consolidated financial statements for the three months ended March 31, 2025. Certain accounting policies are identified as critical because they require management to make judgments and estimates based on conditions and assumptions that are inherently uncertain, and because the estimates are of material magnitude to revenue, expenses, funds flow from operations, income or loss and/or other important financial results. These accounting policies could result in materially different results should the underlying conditions change or the assumptions prove incorrect.

Non-GAAP and Specified Financial Measures

This MD&A includes references to financial measures commonly used in the oil and natural gas industry. The term “operating netback” (oil and natural gas sales less royalties and production, operating and transportation expenses, all expressed on a per-unit-of-production basis) is not defined under IFRS, and may not be comparable with similar measures presented by other companies. Operating netback is a per-unit-of-production measure that may be used to assess the Company’s performance and efficiency.

The term “working capital surplus (deficit), excluding bank debt” is not defined under IFRS, and may not be comparable with similar measures presented by other companies. Working capital surplus (deficit), excluding bank debt is included to show what the working capital relating to customers, vendors, and joint venture partners would be.

The term “funds flow from operations” is not defined under IFRS and may not be comparable with similar measures presented by other companies. Funds flow from operations is included to show what the cash flow from operating activities would be prior to changes in working capital and changes in long-term accounts payable and accrued liabilities.

The term “Net Debt” is not defined under IFRS and may not be comparable with similar measures presented by other companies. 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.

The term “EBITDA” is not defined under IFRS 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.

“Adjusted EBITDA” is calculated as cash flow from (used in) operating activities, adding back changes in non-cash working capital, 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 the ARCA 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.

“Free Cash Flow” or “FCF” is used as an indicator of the efficiency and liquidity of the Company’s business, measuring its funds after capital expenditures available to manage debt levels, pursue acquisitions and assess the optionality to pay dividends and/or return capital to shareholders though activities such as share repurchases. The most directly comparable GAAP measure is cash flow from (used in) operating activities. Free Cash Flow is calculated as cash flow from (used in) operating activities, less interest, office lease expenses, cash taxes and capital expenditures.

“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.

"2024 Exit EBITDA" is calculated as Adjusted EBITDA for the month of December annualized. The Company believes that 2024 Exit EBITDA is useful information to investors and shareholders in understanding the EBITDA generated in the final month of 2024 which is indicative of future EBITDA.

"Net Debt / 2024 Exit EBITDA" is calculated as net debt at the end of the fiscal period of 2024 divided by the 2024 Exit Adjusted EBITDA. The Company believes that Net Debt / 2024 Exit Adjusted 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 Exit Adjusted EBITDA.

"Operating netback (per BOE)" is calculated as the realized price per boe, less royalties associated with the sale of petroleum and natural gas products on a per boe basis, less the operating costs associated with the production on a per boe basis. The Company believes that Operating netback (per BOE) is a useful measure of the profit that is made from each barrel of production.

Basis of Barrel of Oil Equivalent

Petroleum and natural gas reserves and production volumes are stated as a "barrel of oil equivalent" (boe), derived by converting natural gas to oil equivalency in the ratio of 6,000 cubic feet of gas to one barrel of oil. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6,000 cubic feet of gas to one barrel of oil is based on energy equivalency, which is primarily applicable at the burner tip, and does not represent a value equivalency at the wellhead. Readers are cautioned that boe figures may be misleading, particularly if used in isolation. This conversion conforms to the Canadian Securities Regulator's National Instrument 51-101 – Standards for Oil and Gas Activities.

Caution Respecting Reserves Information

Readers should see the "Selected Technical Terms" in the Annual Information Form filed on March 21, 2025 for the definition of certain oil and gas terms.

Disclosure 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**"). 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, 2025 (the "**2024 Reserves Report**").

Reserves are classified according to the degree of certainty associated with the estimates as follows:

"BT" means before tax.

"IRR" means internal rate of recovery.

"RLI" means reserves life index and is calculated as total company interest reserves divided by annual production, as per the 2024 Reserves Report.

"NPV10" represents the anticipated net present value of the future net revenue discounted at a rate of 10% associated with the reserves associated with the acquired assets.

"F&D" is calculated as the sum of field capital plus the change in FDC for the period divided by the change in reserves that are characterized as development for the period is calculated as the sum of field capital plus the change in FDC for the period divided by the change in total reserves, other than from production, for the period. Finding and development costs take into account reserves revisions during the year on a per boe basis. The aggregate of the exploration and development costs incurred in the financial year and changes during that year in estimated future development costs generally will not reflect total finding and development costs related to reserves additions for that year. Management uses F&D costs as a measure of capital efficiency for organic reserves development.

"NAV per fully diluted share" is calculated using the respective net present values of PDP, 1P and 2P reserves, before tax and discounted at 10% plus internally valued undeveloped land & seismic and proceeds from warrants and stock options, less net debt, and divided by fully diluted outstanding shares. Management used NAV per share as a measure of the relative change of Highwood's net asset value over its outstanding common shares over a period of time.

"Netback" is used to evaluate potential operating performance. Netback is calculated as follows: (Revenue – Royalties - Operating Expenses).

"Recycle Ratio" is measured by dividing the operating netback for the applicable period by F&D cost per boe for the year. The recycle ratio compares netback from existing reserves to the cost of finding new reserves and may not accurately indicate the investment success unless the replacement reserves are of equivalent quality as the produced 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.

"Proved" or "1P" reserves are those 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. Reported reserves should target at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated proved reserves under a specific set of economic conditions.

"Proved plus Probable" or "2P" reserves are those 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 plus probable reserves. Reported reserves should target at least a 50 percent probability that the probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves under a specific set of economic conditions.

"Drilling Location" or "Locations" – this news release discloses drilling inventory in two categories: (a) booked locations; and (b) unbooked locations. Booked locations are proposed drilling locations identified in the Year-End 2024 Reserves, as evaluated by GLJ who is the Company's independent qualified reserves evaluator, that have proved and/or probable reserves, as applicable, attributed to them in the Year-End 2024 Reserves. 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 Year-End 2024 Reserves. There is no certainty that the Company will drill all unbooked drilling locations and if drilled, there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations considered for future development will ultimately depend on the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of unbooked drilling locations have been de-risked by the drilling of existing wells by Highwood in relatively close proximity to such unbooked drilling locations, other unbooked drilling locations are farther away from existing wells where Management has less information about the characteristics of the reservoir, and therefore, there is more uncertainty whether wells will be drilled in such locations. If these wells are drilled, there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.

Forward-Looking Statements

This document contains certain forward-looking statements. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that could influence actual results or events and cause them to differ materially from those stated, anticipated or implied. Such forward-looking statements necessarily involve risks including, without limitation, those associated with oil and natural gas exploration, property development, production, marketing and transportation, such as dry holes and non-commercial wells, facility and pipeline damage, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, production declines, health, safety and environmental risks, competition from other producers and the ability to access sufficient capital from internal and external sources. Forward-looking information typically includes statements with words such as “anticipate”, “believe”, “expect”, “plan”, “intend”, “estimate”, “propose”, “project”, or similar words suggesting future outcomes. The Company cautions readers and prospective investors in the Company’s securities not to place undue reliance on forward-looking information as, by its nature, it is based on current expectations regarding future events that involve a number of assumptions, inherent risks and uncertainties, which could cause actual results to differ materially from those anticipated by the Company.

Forward-looking information typically involves substantial known and unknown risks and uncertainties, certain of which are beyond the Company’s control. Such risks and uncertainties include, without limitation: financial risk of marketing reserves or metals & minerals at an acceptable price given market conditions; volatility in market prices for metals, minerals, oil and natural gas; delays in business operations; pipeline restrictions; blowouts; the risk of carrying out operations with minimal environmental impact; industry conditions including changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced; uncertainties associated with estimating mining resources & oil and natural gas reserves; risks and uncertainties related to mining and oil & gas interests and operations on aboriginal lands; economic risk of finding and producing reserves at a reasonable cost; uncertainties associated with partner plans and approvals; operational matters related to non-operated properties; increased competition for, among other things, capital, acquisitions of mining permits, reserves and undeveloped lands; competition for and availability of qualified personnel or management; incorrect assessments of the value of acquisitions and exploration and development programs; unexpected geological, technical, drilling, construction, processing and transportation problems; availability of insurance; fluctuations in foreign exchange and interest rates; stock market volatility; general economic, market and business conditions; uncertainties associated with regulatory approvals; uncertainty of government policy changes; uncertainties associated with credit facilities and counterparty credit risk; changes in income tax laws, Crown royalty rates and incentive programs relating to the oil and gas industry; and other factors, many of which are outside the Company’s control. The Company’s actual results, performance or achievements could, therefore, differ materially from those expressed in, or implied by, these forward-looking estimates and whether or not any such actual results, performance or achievements transpire or occur, there can be no certainty as to what benefits or detriments the Company will derive therefrom.

The forward-looking information included herein is expressly qualified in its entirety by this cautionary statement. It is made as of the date hereof and the Company assumes no obligation to update or revise any forward-looking information to reflect new events or circumstances, except as required by law.

Abbreviations

The following summarizes the abbreviations used in this document:

Crude Oil and Natural Gas Liquids

bbl	barrel
Mbbl	thousand barrels
bbls/d	barrels per day
boe	barrel of oil equivalent
Mboe	thousand barrels of oil equivalent
boe/d	barrel of oil equivalent per day
NGL	natural gas liquids

Natural Gas

Mcf	thousand cubic feet
MMcf	million cubic feet
Mcf/d	thousand cubic feet per day
GJ	Gigajoule; 1 Mcf of natural gas is about 1.05 GJ
MMBtu	million British thermal units; 1 GJ is about 0.95 MMBtu

Other

$000s	thousands of dollars
IFRS	International Financial Reporting Standards
IAS	International Accounting Standard

Corporate Information

BOARD OF DIRECTORS

JOEL MACLEOD
Executive Chairman
Highwood Asset Management Ltd.
Calgary, Alberta

GREG MACDONALD
President & CEO
Highwood Asset Management Ltd.
Calgary, Alberta

STEPHEN HOLYOAKE
CEO, Fireweed Energy Ltd.
Calgary, Alberta

DAVID GARDNER
Independent Director
Tomahawk, Wisconsin

RYAN MOONEY
Managing Director, Investment Banking
Echelon Wealth Partners

RAY KWAN
Independent Director
Calgary, Alberta

OFFICERS

JOEL MACLEOD
Executive Chairman

GREG MACDONALD
President & Chief Executive Officer

CHRIS ALLCHORNE
Chief Financial Officer

KELLY MCDONALD
Vice President, Exploration

RYAN PETKAU
Vice President, Operations

TREVOR WONG-CHOR
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