



## **HIGHWOOD ASSET MANAGEMENT LTD. ANNOUNCES EXPANDED CREDIT FACILITY TO \$140 MILLION, OPERATIONAL AND GUIDANCE UPDATE AND COMMENCEMENT OF 2H2025 DRILLING PROGRAM**

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

**Calgary, Alberta, July 3, 2025**

### **Credit Facility Update**

Highwood Asset Management Ltd. ("**Highwood**" or the "**Company**") (TSXV: HAM) is pleased to announce that the annual borrowing base redetermination of the Company's credit facility has been completed. As a result of another successful drilling program that delivered significant PDP reserves growth, the borrowing base has been increased from \$120 million to \$140 million, comprised of a \$10 million operating facility and \$130 million syndicated credit facility (together, the "**Credit Facilities**"). The maturity date of the Credit Facilities has been extended from August 2, 2026 to August 2, 2027. If not extended, the Credit Facilities would be repayable on August 2, 2026. The next semi-annual borrowing base determination is scheduled on or before November 30, 2025.

Furthermore, Highwood is pleased to announce Business Development Bank of Canada as a new lender in the syndicated credit facility, joining Royal Bank of Canada, ATB Financial, Canadian Imperial Bank of Commerce and Macquarie Bank Limited.

### **Operational and Guidance Update**

Highwood drilled six booked gross (4.3 net) wells in the first quarter of 2025, most of which were brought online in the second quarter of 2025. The wells have taken longer than anticipated to clean up and early indications suggest variable results. Highwood anticipates second quarter production to 5,600 – 5,750 boe/d (approximately 70% oil and liquids). As a result of incorporating second quarter realized actuals, the Company is revising its 2025 annual guidance to be approximately 5,700 – 6,000 boe/d (approximately 70% oil and liquids). With the continued volatility in commodity prices, Highwood has strategically added hedging. Over the past two weeks, Highwood added an additional 600 bbl/d of WTI hedges through 2026 and 300 bbl/d through Q1 2027 at approximately \$90 CAD WTI/bbl.

The current market value of Highwood's commodity contracts is approximately \$11 million in the money.

### **Drilling Update and Outlook**

Highwood is also pleased to announce that it has commenced the 2H2025 drilling program, spudding the 100/13-15-048-14W5 unbooked well on June 12, 2025 in the Basal sand at Brazeau. The Company anticipates drilling four gross wells (3.4 net) for the remainder of 2025, three gross (2.4 net) booked locations in Wilson Creek and one unbooked location near Bonnyville.

Near Bonnyville, Alberta, the Company will drill its first unbooked multi-lateral openhole well ("MLOH") into our new Stacked Mannville Sands play on a contiguous 11 section unencumbered block. The Company anticipates having results from the first well in early fall.

Highwood remains dedicated to growing its free cash flow profile, on a per share basis, while using prudent leverage to provide it with maximum flexibility for organic growth and / or other strategic M&A opportunities. As a result of the volatility in commodity pricing, along with the increase in the Company's Credit Facilities, Highwood believes it is positioned well for M&A opportunities. Additional free cash flow that may result due to higher oil prices in 2H2025 will be primarily allocated to further reduce outstanding indebtedness.

## **Further Information**

For further information about the Company please contact:

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## **ADVISORIES**

### **Forward-Looking Information**

*Certain information contained in the press release may constitute forward-looking statements and information (collectively, "forward-looking statements") within the meaning of applicable securities legislation that involve known and unknown risks, assumptions, uncertainties and other factors. Forward-looking statements may be identified by words like "anticipates", "estimates", "expects", "indicates", "intends", "may", "could", "should", "would", "plans", "target", "scheduled", "projects", "outlook", "proposed", "potential", "will", "seek" and similar expressions. Forward-looking statements in this press release include statements regarding, among other things: plans to continue the Company's active capital program while commodity prices remain strong; Highwood's business, strategy, objectives, strengths and focus; the Company's drilling plans and expectations; and the performance and other characteristics of the Company's properties and expected results from its assets. Such statements reflect the current views of management of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions that could cause results to differ materially from those expressed in the forward-looking statements. With respect to forward-looking statements contained in this press release, the Company has made assumptions regarding, among other things: 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; future exchange and interest rates; supply of and demand for commodities; inflation; the availability of capital on satisfactory terms; the availability and price of labour and materials; the impact of increasing competition; conditions in general economic and financial markets; that the Company will be able to access capital, including debt, on acceptable terms; the receipt and timing of regulatory, exchange and other required approvals; the ability of the Company to implement its business*

*strategies and complete future acquisitions; the Company's long term business strategy; and effects of regulation by governmental agencies.*

*Factors that could cause actual results to vary from forward-looking statements or may affect the operations, performance, development and results of the Company's businesses include, among other things: assumptions concerning operational reliability; risks inherent in the Company's future operations; the Company's ability to generate sufficient cash flow from operations to meet its future obligations; increases in maintenance, operating or financing costs; the realization of the anticipated benefits of future acquisitions, if any; the availability and price of labour, equipment and materials; competitive factors, including competition from third parties in the areas in which the Company intends to operate, pricing pressures and supply and demand in the oil and gas industry; fluctuations in currency and interest rates; inflation; risks of war, hostilities, civil insurrection, pandemics, political and economic instability overseas and its effect on commodity pricing and the oil and gas industry (including ongoing military actions between Russia and Ukraine and the crisis in Israel and Gaza); severe weather conditions and risks related to climate change, such as fire, drought and flooding; terrorist threats; risks associated with technology; changes in laws and regulations, including environmental, regulatory and taxation laws, and the interpretation of such changes to the management team's future business; availability of adequate levels of insurance; difficulty in obtaining necessary regulatory approvals and the maintenance of such approvals; general economic and business conditions and markets; and such other similar risks and uncertainties. The impact of any one assumption, risk, uncertainty or other factor on a forward-looking statement cannot be determined with certainty, as these are interdependent and the Company's future course of action depends on the assessment of all information available at the relevant time. For additional risk factors relating to Highwood, please refer to the Company's annual information form and management discussion and analysis for the year ended December 31, 2024, as well as the Company's management discussion and analysis for the period ended March 31, 2025, which are available on the Company's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca). The forward-looking statements contained in this press release are made as of the date hereof and the parties do not undertake any obligation to update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.*

**Short Term Results.** *References in this press release to production test rates, initial test production rates, 7-day initial production rates, 30-day initial production rates and other short-term production rates that are useful in confirming the presence of hydrocarbons; however, such rates are not determinative of the rates at which such wells will commence production and decline thereafter and are not indicative of long term performance or of ultimate recovery. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for Highwood. A pressure transient analysis or well-test interpretation has not been carried out in respect of all wells. Accordingly, the Company cautions that the test results should be considered to be preliminary.*

**FOFI Disclosure.** *This press release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about Highwood's prospective results of operations and production, and components thereof, 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 press release was made as of the date of this press release and was provided for the purpose of providing further information about Highwood's anticipated future business operations. The Company disclaims any intention or obligation to update or revise any FOFI contained in this press 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 press release should not be used for purposes other than for which it is disclosed herein. All FOFI contained in this press release complies with the requirements of Canadian securities legislation, including Canadian Securities Administrators' National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities. 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 full year 2025 contained in this news release. The Company's actual results may differ materially from such estimates.*

**Currency.** *All amounts in this press release are stated in Canadian dollars unless otherwise specified.*

**Abbreviations.**

API	American Petroleum Institute gravity	m <sup>3</sup>	metres cubed
bbl	barrels of oil	mbbl	thousand barrels of oil
bbl/d	barrels of oil per day	mcf/d	thousand cubic feet per day
m	metres	boe/d	boe per day
boe	barrels of oil equivalent		

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

**Caution Respecting Reserves Information**

*Readers should see the "Selected Technical Terms" in the Company's Annual Information Form dated March 21, 2025 that is available on the Company's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca) 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 Company presented in this news release is based on the report prepared by GLJ Ltd., independent petroleum consultants of Calgary, Alberta and dated March 7, 2025 evaluating the light and medium crude oil, conventional natural gas, shale gas, and natural gas liquids reserves attributable to Highwood's properties at December 31, 2024 (the "**Reserves Report**").*

*This news release may disclose potential future drilling locations in two categories: (a) booked locations; and (b) unbooked locations. Booked locations are proposed drilling locations identified in the Reserves Report that have proved and/or probable reserves, as applicable, attributed to them in the Reserves Report. 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. Unbooked locations do not have proved or probable reserves attributed to them in the Reserves Report. 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.*

*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.*

*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. 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.*