



HIGHWOOD ASSET MANAGEMENT LTD. ANNOUNCES SALE OF WILSON CREEK ASSETS

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

Calgary, Alberta, June 2, 2026

Highwood Asset Management Ltd. ("**Highwood**" or the "**Company**") (TSXV: HAM) is pleased to announce it has entered into a definitive asset purchase and sale agreement (the "**Agreement**") to sell its Wilson Creek assets (the "**Assets**") to Obsidian Energy Ltd. ("**Obsidian Energy**") for up to \$112 million (the "**Transaction**").

Under the terms of the Agreement, Obsidian Energy will acquire the Assets for cash consideration of \$105 million payable upon close (the "**Upfront Consideration**"), subject to closing adjustments, plus contingent consideration in quarterly instalments between the third quarter of 2026 and the second quarter of 2027 up to an aggregate of \$7 million, based on the price of WTI (the "**Contingent Value Payments**"). The Transaction has an effective date of April 1, 2026 and is expected to close on or about June 30, 2026, subject to customary closing conditions and regulatory approvals.

Highwood expects to use a portion of the Upfront Consideration to reduce the Company's outstanding debt, improving Highwood's balance sheet and overall liquidity. The Transaction creates optionality for capital acceleration, returns of capital to shareholders, and acquisitions.

Transaction Highlights

- **Compelling Value Creation and Significant Return On Invested Capital** - Crystallizes a pre-tax return on invested capital of >200% for the Wilson Creek assets since they were acquired in August 2023. The assets were acquired for net consideration of approximately \$35 million and have generated approximately \$26 million in Asset Level Free Cash Flow up to March 31, 2026.⁽¹⁾
- **Creates Further Capital Allocation Optionality to Maximize Total Returns to Shareholders** — Significantly reduces Highwood's leverage. Net proceeds from the divestiture will be used to reduce Highwood's net debt⁽¹⁾, which is anticipated to be approximately \$15.0 million after closing of the Transaction. The strength of Highwood's balance sheet post-closing is expected to provide Highwood with the flexibility to enhance shareholder total returns through accelerated growth in Brazeau, further development of early-stage opportunities in Highwood's portfolio, strategic acquisitions, and/or returns of capital.

- **Portfolio Concentration Toward Profitable Long Duration Assets** — Continued drilling success in the Basal Belly River at Brazeau, which is analogous to the Belly River at Wilson Creek and implementation of waterflood which will continue to lower base declines and increase reserve lives.

Strategic Rationale

Since closing the Brazeau, Castlegate, and Shale acquisitions in August 2023 at 2.2x field NOI and 0.5x 1P reserves, Highwood has grown production from approximately 4,000 boe/d to over 6,000 boe/d while converting reserves at strong recycle ratios (PDP: 1.4x; 1P: 2.0x; 2P: 3.3x)⁽¹⁾. The divestiture of Wilson Creek represents the next phase of the Company's strategy: concentrating capital toward long-duration, high-margin assets in Brazeau and other early-stage opportunities in Highwood's portfolio.

Highwood's high-netback oil-weighted Brazeau asset delivers compelling single well economics with attractive recycle ratios and payback periods (approximately 2.6x recycle ratio and 12-month BT payback period at US\$65 WTI)⁽²⁾. Capital efficiencies of approximately \$19,000/boe/d and a corporate free cash flow breakeven below US\$45 WTI provide significant downside protection while preserving upside optionality as the Company evaluates further growth opportunities. Highwood has recently commenced waterflood initiatives at Brazeau. Based on the independent qualified reserves evaluator's (GLJ Ltd.) evaluation of Highwood's reserves as at December 31, 2025, the Company's retained reserves carry a BTNPV10 of approximately \$153 million on a proved developed producing (PDP) basis and approximately \$306 million on a total proved (1P) basis; net of approximately \$15 million of net debt pro forma for closing, implying a net asset value of approximately \$9.00 per share (PDP) and approximately \$19.00 per share (1P).⁽¹⁾⁽³⁾

Given the recent industry success in close proximity to Highwood's Mannville stack lands in eastern Alberta using horizontal technology, Highwood plans to deploy capital to the assets before the end of the year. Further, the Company continues to add to its portfolio in the area through multiple crown acquisitions. These lands provide multiple opportunities, including potential steam assisted gravity drainage ("SAGD") projects. The company plans to delineate and commence strategic financing and partnership discussions over the coming several months to advance these opportunities. In addition, the Company continues to explore strategic options for its lithium, critical mineral and rare earth element assets. Highwood has seen interest from potential strategic partners and believes there is strong potential to access government funding support.

Shareholder Returns

As part of Highwood's commitment to enhancing shareholder returns, the Company intends to implement its inaugural Normal Course Issuer Bid ("NCIB") in the second half of 2026, subject to approval from the Board of Directors and acceptance by the TSX Venture Exchange.

Advisors

RBC Capital Markets is acting as Lead Financial Advisor to Highwood with respect to the Transaction and DLA Piper is acting as legal counsel to Highwood. ATB Capital Markets is acting as Financial Advisor to the Special Committee of the Board of Directors and Blake, Cassels & Graydon LLP is acting as legal counsel to the Special Committee. CIBC Capital Markets is acting as Strategic Advisor to Highwood.

- (1) See "Caution Respecting Reserves Information" and "Non-GAAP and other Specified Financial Measures".
- (2) Price Deck for management estimates: WTI: US\$65.00/bbl; WCS Diff: US\$13.00/bbl; MSW Diff: US\$4.00/bbl; AECO: C\$2.50/GJ; 0.73 CAD/USD. below. See Highwood's Corporate Presentation for the full type curve assumptions.
- (3) Based on basic shares of 15,198,818 which includes shares held in trust.

Further Information

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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: Highwood's business, strategy, objectives, strengths and focus; the Company's drilling plans and expectations; the results of waterflood initiatives in Brazeau; ability to obtain financing and/or partnership to advance SAGD properties; ability to potentially access government funding support; 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, military action in Iran and the crisis in Israel and Gaza and related areas); 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, 2025, as well as the Company's management discussion and analysis for the period ended March 31, 2026, which are available on the Company's SEDAR+ profile at 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.

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 second quarter of 2026 and payout on wells 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 ³	metres cubed
bbl	barrels of oil	mbbl	thousand barrels of oil
bbls/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 May 14, 2026 that is available on the Company's SEDAR+ profile at 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 February 27, 2026 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, 2025 (the "**Reserves Report**").*

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

"Proved reserves" or "1P" are those reserves 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.

"Probable reserves" are those additional reserves that are less certain to be recovered than proved reserves.

"Proved plus probable reserves" or "2P" is the total of proved reserves and probable reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable 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.

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.

"BT" means before tax.

"RLI" means reserves life index and is calculated as total company interest reserves divided by annual production.

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

"NAV per 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, less net debt, and divided by basic outstanding common shares adjusted for shares held in treasury. 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.

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 measures should not be construed as an alternative to other measures of financial performance calculated in accordance with IFRS. These non-IFRS measures provide 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.

“Asset Level Free Cash Flow” is used as an indicator of the efficiency and liquidity of the Company’s Assets, 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 through 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.

“Corporate Free Cash Flow Breakeven” is calculated as the WTI price in US dollars in which Free Cash Flow is approximately zero while holding production flat. Other prices are held constant at WCS differential: US\$13.00/bbl; MSW differential: US\$4.00/bbl; AECO: C\$2.50/GJ; 0.73 CAD/USD. The Company believes that Corporate Free Cash Flow Breakeven can provide useful information to investors and shareholders in understanding sensitivity to commodity pricing and understanding at what the minimum WTI price in US dollars would be to remain profitable.

“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.

“Return on invested capital” is calculated as the sum of field operating netbacks generated since inception and the gross proceeds of divestment divided by the original net cost of asset acquisitions and development. Management utilizes the cash return on invested capital measure in this news release to provide a measure of how much cash was generated from the Wilson Creek assets, relative to the Company’s original capital investment in the assets, excluding the impact of discounting, taxes and general and administrative costs. The return on invested capital from the sale of Wilson Creek of >200% reported in this news release was calculated as field operating netbacks since inception of \$82.5 million plus gross Upfront Consideration from the disposal net of transaction costs, divided by the Company’s original net acquisition and development costs of \$91.5 million.