



HIGHWOOD ASSET MANAGEMENT LTD. ANNOUNCES OPERATIONAL UPDATE: SPRUCE LAKE SAGD UPDATE, CURRENT PRODUCTION, AND THREE-WELL DRILLING PROGRAM

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

Calgary, Alberta, October 27, 2026

Highwood Asset Management Ltd. ("**Highwood**" or the "**Company**") (TSXV: HAM) is pleased to provide an operational update. Following the sale of Wilson Creek, Highwood is a focused, oil-weighted company with a strong balance sheet, an active three-well drilling program in eastern Alberta Pekisko and Mannville stack formations, an expanding waterflood at our core Brazeau asset and an emerging steam assisted gravity drainage ("**SAGD**") thermal opportunity in the Spruce Lake area, Saskatchewan.

Highlights

- **Oil production strong** – Current oil production of approximately 1,500 bbls/d, with total production of approximately 2,900 boe/d (~52% oil).⁽¹⁾
- **Pekisko and Bonnyville drilling** – Highwood recently finished drilling its first well within the Twining area of Alberta in the Pekisko formation. Further, the Company anticipates spudding two wells within the Mannville stack in eastern Alberta in the coming 45 days.
- **Brazeau waterflood expanding** – Highwood continues to increase waterflood activity at Brazeau, ultimately reducing sustaining capital by reducing corporate base declines.
- **Spruce Lake Area/St. Walburg: 1,030 hectares of Colony oil sand, 100% working interest** – Highwood acquired four contiguous sections at Spruce Lake (St. Walburg), Saskatchewan at the April 7, 2026 Crown sale for \$2.45 million (approximately \$2,375 per hectare). The 16-17 well in the centre of the block shows approximately 13 metres of net oil pay with 32% porosity, estimated greater than 70% oil saturation and 5 darcies of permeability, in line with control wells in producing SAGD projects in the area.⁽²⁾
- **Spruce Lake area activity continues to increase with proven production in close proximity to Highwood's project** – Thirteen industry SAGD producers within approximately 10 km of Highwood's lands have reached peak monthly rates of 2,000 to 3,140 bbls/d and have together produced 14.5 million barrels. In the past 12 months, industry licensed or spud 60 wellbores within 10 km of Highwood's block.⁽³⁾
- **3D seismic planned** – Highwood plans to shoot 3D seismic over its Spruce Lake block late in the fourth quarter of 2026 and is evaluating financing alternatives to advance a first SAGD phase.
- **NCIB active** – Highwood has purchased and cancelled 119,242 common shares under its normal course issuer bid ("**NCIB**") since the first purchase on July 14, 2026 to September 30, 2026.

Production and Brazeau Waterflood

Highwood's current production is approximately 2,900 boe/d, including approximately 1,500 bbls/d of oil, based on field estimates for the period of October 8th to October 22nd, following the completion of Highwood's planned maintenance turnaround and a third-party turnaround.⁽¹⁾

Third quarter 2026 production averaged approximately 2,400 boe/d, reflecting Highwood's planned Brazeau turnaround and the third-party Keyera Brazeau gas plant turnaround in September 2026. Both turnarounds are complete, and there is no major planned maintenance for the remainder of 2026.

Highwood continues to increase waterflood activity at Brazeau, ultimately reducing sustaining capital by reducing corporate base declines.

Drilling Update

Pekisko – Highwood recently drilled its first Pekisko horizontal in the Twining area of central Alberta over the course of approximately 10 days, encountering good reservoir quality throughout the lateral. Completion is planned within the next 30 days.

Bonnyville Mannville – Highwood anticipates spudding two Mannville wells in the Bonnyville area of eastern Alberta in the coming 45 days, including the Company's first circulating string ("**circ string**") horizontal.

Spruce Lake SAGD Opportunity

On April 7, 2026, Highwood acquired two Crown petroleum and natural gas leases covering four contiguous sections (sections 16, 17, 20 and 21 of Township 54, Range 21 W3M; approximately 1,030 hectares) in the Spruce Lake (St. Walburg) area of west-central Saskatchewan, for \$2.45 million, or approximately \$2,375 per hectare. Highwood holds a 100% working interest.

The 16-17 well, in the centre of the block, shows approximately 13 metres of net oil pay in the Colony sand, with average porosity of 32%, oil saturation estimated at greater than 70% and permeability estimates at greater than 5.0 darcies. Highwood applied the same log interpretation to industry control wells inside four producing thermal projects – Paradise Hill North, Bolney North, Pikes Peak and Spruce Lake. The 16-17 well ranks similarly in net pay and estimated oil saturations and permeability to offsetting Waseca and Colony pools.⁽²⁾

The most proximal SAGD development (<10km away), is the Spruce Lake thermal complex which is currently producing at an oil rate of ~25,000 bbls/d with cumulative recovery in excess of 37.5 MMbbls. This adjacent SAGD development has ~10 new well pairs with initial production rates as high as 3,100 bbls/d per well pair. Activity levels have been high for the development with over 50 new well licenses logged over the past 12 months suggesting near and long term development will remain robust. Further, the operator has sanctioned a solvent-assisted expansion expected to add 5-10,000 bbls/d by 2028. The Highwood land block is positioned to utilize existing gas infrastructure for steam generation in addition to benefiting from Regulatory approvals established in the area.⁽³⁾

Industry interest in the area continues to build. At the Government of Saskatchewan's October 6, 2026 Crown public offering, the 2,324-hectare exploration licence adjacent to Highwood's position was awarded for a bonus bid of \$9,995,200, approximately \$4,300 per hectare. That is 1.8 times the price per hectare Highwood paid six months earlier, for a shorter two-year term, and was the highest bonus bid of the sale.

Highwood plans to shoot a 3D seismic program over its Spruce Lake block late in the fourth quarter of 2026 to map the extent of the Colony channel and support the design of a first SAGD phase. Consistent with its prior disclosure, Highwood intends to leverage its longstanding industry relationships and energy infrastructure experience to fund its first SAGD phase with project-level capital financed alongside strategic industry partnerships and/or marketing off-take agreements — all structured to limit equity dilution to existing Highwood shareholders. There can be no assurance that definitive agreements will be entered into or that the project will be financed on acceptable terms.

Shareholder Returns

Highwood's NCIB remains active. From the first purchase on July 14, 2026 to September 30, 2026, the Company has purchased and cancelled 119,242 common shares at an average price of \$5.73 per share.

Outlook

With Net Debt of \$16.4 million at June 30, 2026, approximately \$230 million of tax pools and strong oil production, Highwood is positioned to grow free cash flow per share while advancing Spruce Lake and other SAGD opportunities. The Company expects to release its third quarter 2026 results before market open on November 10, 2026.⁽⁴⁾

Notes to News Release

- (1) *Field-estimated average for the period of October 8th to October 22nd, following the completion of Highwood's planned maintenance turnaround and a third-party turnaround . See "Advisories — Short Term Results".*
- (2) *See "Advisories — Spruce Lake Lands".*
- (3) *See "Advisories — Analogous Information" and "Advisories — Short Term Results".*
- (4) *See "Advisories — Caution Respecting Reserves Information" and "Advisories — Non-GAAP and other Specified Financial Measures".*

Further Information

For further information about the Company please contact:

Joel MacLeod

Executive Chairman

403.719.0499

investorrelations@highwoodmgmt.com

ADVISORIES

Forward-Looking Information

Certain information contained in the news 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 news 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; expected oil and total production; the Company's internal budget; the results and expansion of waterflood initiatives in Brazeau; the timing and results of drilling and completion operations at Pekisko and Bonnyville, including the use of circ string completions; the timing and scope of 3D seismic at Spruce Lake; the potential development of SAGD on the Company's Spruce Lake lands; the ability to obtain financing and/or partnership to advance SAGD properties; the timing of the release of third quarter results; the continuation of the NCIB; 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 news 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 June 30, 2026, which are available on the Company's SEDAR+ profile at www.sedarplus.ca. The forward-looking statements contained in this news 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 news release to current production, peak monthly production rates and other short-term production rates are useful in confirming the presence of hydrocarbons; however, such rates are not determinative of the rates at which such wells will continue to produce and decline thereafter and are not indicative of long-term performance or of ultimate recovery. Current production is a field estimate for the period of October 8th to October 22nd, following the completion of Highwood planned maintenance turnaround and a third-party turnaround] and is subject to change on final accounting. Peak monthly rates for third-party wells are calendar-month averages from publicly reported production data. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for Highwood.

Analogous Information

Certain information in this news release, including production rates and cumulative production of wells and pads operated by third parties, drilling activity in the area, and the comparison of log-derived reservoir properties on Highwood's lands to control wells in producing thermal projects, may constitute "analogous information" as defined in NI 51-101. This information was obtained from public sources: IHS monthly production data to August 2026 (accessed October 8, 2026), IHS well licence and spud records to October 7, 2026, operators' public disclosure for the second quarter of 2026, and Government of Saskatchewan public offering results. It has not been prepared or audited by a qualified reserves evaluator. Highwood believes the information is relevant because the wells produce from Mannville Colony and Waseca sands of similar depth, porosity and permeability to those on Highwood's lands. Readers are cautioned that: the thirteen Spruce Lake East producers referenced produce from the Waseca, not the Colony; peak rates are single best calendar-month averages, not initial 30-day rates, each well has since declined, and two have reported no production since August 2025; distances are measured from the nearest edge of Highwood's lands and are within 10 km to both each well's bottom-hole location and the nearest point of its producing horizontal; the three highest-rate producers are infill or replacement wells placed within established steam chambers, which typically reach peak rates faster and higher than the first wells in a new project; and the referenced projects have existing steam

generation and processing facilities, which Highwood's lands do not. Such information is not an estimate of the reserves, resources or production attributable to Highwood's lands, and there is no certainty that Highwood's lands will achieve similar results.

Spruce Lake Lands

No reserves or resources have been assigned to Highwood's Spruce Lake lands. Net pay, porosity, oil saturation and permeability for the 16-17 well are management's interpretation of well logs from a single well; no core has been taken in the pay interval. Development of a SAGD project would require, among other things, successful delineation, regulatory approvals, royalty and fiscal arrangements, substantial capital and the construction of steam generation and processing facilities. There is no certainty that any SAGD project will be developed or, if developed, that it will be commercially viable. The bonus bid paid by a third party for adjacent lands is not an indication of the value of Highwood's lands.

FOFI Disclosure — This news 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 news release was made as of the date of this news 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 news 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 news release should not be used for purposes other than for which it is disclosed herein. All FOFI contained in this news 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 remainder 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 news release are stated in Canadian dollars unless otherwise specified.

Abbreviations.

API	American Petroleum Institute	m ³	metres cubed
	gravity		
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	km	kilometre
boe	barrels of oil equivalent	boe/d	boe per day

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 news 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.

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

"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.

"Free cash flow per share" is a non-GAAP ratio calculated as Free Cash Flow divided by the basic weighted average number of common shares outstanding for the applicable period. "Free Cash Flow" is a non-GAAP financial measure calculated as cash flow from (used in) operating activities, less interest, office lease expenses, cash taxes and capital expenditures. The most directly comparable GAAP measure is cash flow from (used in) operating activities. Management believes that free cash flow per share provides useful information to investors and shareholders as it measures, on a per share basis, the funds available after capital expenditures to manage debt levels, pursue acquisitions and return capital to shareholders, including through share repurchases under the NCIB.