HIGHWOOD OIL COMPANY LTD. ANNOUNCES SECOND QUARTER 2019 RESULTS HIGHLIGHTED BY STRONG OPERATING NETBACKS

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

Calgary, Alberta, August 28, 2019

Highwood Oil Company Ltd. ("**Highwood**" or the "**Corporation**") (TSXV:HOCL) is pleased to announce financial and operating results for the quarter ended June 30, 2019. The Corporation also announces that its unaudited financial statements and associated Management's Discussion and Analysis ("**MD&A**") for the quarter ended June 30, 2019, can be found at www.sedar.com and www.highwoodoil.com.

Highlights

- Achieved record production of 1,608 bbl/d of oil in the second quarter of 2019, increasing from 1,354 bbl/d in the first quarter of 2019 primarily due to Clearwater production being brought onstream and the acquisition of Gambit Oil Corporation in April 2019.

- Operating netback showed significant improvement to $27.36/bbl for the three months ended June 30, 2019, from $15.89/bbl in the first quarter. Contributing to the increase was a decrease in corporate operating costs to $28.84/bbl from $35.96/bbl in the first quarter of 2019.

- Continued strong quarterly cashflow from operating activities of $6.9 million for the three months ended June 30, 2019, to provide $12.7 million of total cashflow from operating activities for the first six months of 2019.

- Throughout the second quarter, Highwood continued to benefit from substantial delineation activity by offsetting operators around its Clearwater land position. Industry activity remains robust surrounding Highwood's core lands at Nipisi/Marten Hills and recently, offset operators around Highwood's exploratory Clearwater lands have drilled wells that expand the prospective scope of the play. Highwood continued to survey, construct and submit approvals for drilling locations it seeks to drill in the second half of 2019. As of today, the Corporation has commenced further drilling activity in the Nipisi region.

- Current production is approximately 1,580 bbl/d of oil.

		Three months ended June 30,			Six months ended June 30,		
		2019	2018	%	2019	2018	%
Financial							
Oil and natural gas sales	$	**9,661,638**	8,059,097	20	$ **16,590,606**	14,489,548	15
Transportation pipeline revenues		**1,497,762**	1,083,475	38	**2,731,474**	1,664,121	64
Total revenues, net of royalties and commodity contracts		**6,813,118**	6,356,781	7	**12,385,712**	12,006,701	3
Loss		**475,432**	411,793	15	**2,983,049**	2,195,654	36
Cash flow from operating activities		**6,935,207**	2,551,166	172	**12,666,563**	1,616,855	683
Capital expenditures		**595,323**	2,126,791	(72)	**4,672,720**	14,710,245	(68)
Net debt (2)					**(36,514,497)**	(26,740,918)	37
Shareholder's equity (end of period)					**25,532,388**	24,704,867	3
Shares outstanding (end of period)					**6,013,965**	5,538,674	9
Weighted-average basic shares outstanding		**5,993,677**	5,538,674	8	**5,942,562**	5,538,674	7
Operations (1)							
Production							
Natural gas (Mcf/d)		-	52	-	-	45	-
Natural gas liquids (NGL) (bbls/d)		-	1	-	-	1	-
Crude oil (bbls/d)		**1,608**	1,242	29	**1,482**	1,165	27
Total (boe/d)		**1,608**	1,252	28	**1,482**	1,173	26
Average realized prices (3)							
Natural gas (per Mcf) (5)		-	0.54	-	-	1.23	-
NGL (per bbl) (5)		-	66.85	-	-	66.11	-
Crude Oil (per bbl)		**66.04**	71.24	(7)	**61.86**	68.64	(10)
Operating netback (per BOE) (4)		**27.36**	21.12	30	**22.14**	10.39	113
Wells drilled:							
Gross		-	1.0	(100)	**3.0**	1.0	200
Net		-	0.5	(100)	**1.5**	0.5	200
Success (%)		-	100	(100)	**100**	100	-

(1) For a description of the boe conversion ratio, see "Basis of Barrel of Oil Equivalent".
(2) Net debt consists of bank debt and working capital surplus (deficit) excluding commodity contract assets and/or liabilities and commodity contract premium payable.
(3) Before hedging.
(4) See "Non-GAAP measures".
(5) Natural gas and NGL production and revenues are immaterial to the Company.

2019 Second Quarter Overview

Second quarter pricing continued to improve from the challenged Western Canadian environment that producers saw throughout Q4 2018. Amidst recent volatility, the Corporation has adopted a capital program which will be responsive to the fluxes in the current pricing environment and plans to hedge a significant level of its production related to new drilling activity. The Corporation is encouraged by the recent announcement by the Alberta government to extend production curtailments through 2020, suggesting increased stability to the Western Canadian price environment. Our Clearwater lands have grown to 232 gross (118 net) sections which continue to present compelling drilling opportunities highlighted by short cycle times and quick payback periods at current strip pricing.

Tighter Canadian pricing differentials (WCS and MSW) combined with more stabilized West Texas Intermediate (“WTI”) oil prices led to an increase of $11.47/bbl to operating netbacks over the first quarter of 2019.

2019 Outlook

The Corporation remains focused on evaluating opportunities in the M&A market and completing accretive acquisitions through the duration of 2019. Highwood maintains a focus on free funds flow generation as a means to provide maximum flexibility to the Corporation for growth, debt repayment and/or strategic M&A opportunities.

The significant growth profile of the Clearwater play and the expanding fairway provides the Corporation with a top tier growth opportunity in the Western Canadian Sedimentary Basis. With approximately 160 wells spud in the play since early 2017 and estimated production of 15,900 bbl/d of oil, the Clearwater play continues to showcase expansive growth. The short cycle times and quick payback periods of the wells in the fairway provide compelling economics supporting the 37 new wells spud since January 1, 2019, even in this suppressed pricing environment by historical standards. The Corporation will continue to focus efforts throughout 2019 on delineating its Clearwater lands and will focus on infill and pad drilling where previous wells have shown positive initial production results.

Further Information

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Oil and Gas Measures

Readers should see the "Selected Technical Terms" in the Annual Information Form filed on April 30, 2019 for the definition of certain oil and gas terms.

Basis of Barrels of Oil Equivalent – This news release discloses certain production information on a barrels of oil equivalent ("boe") basis with natural gas converted to barrels of oil equivalent using a conversion factor of six thousand cubic feet of gas (Mcf) to one barrel (bbl) of oil (6 Mcf:1 bbl). Condensate and other NGLs are converted to boe at a ratio of 1 bbl:1 bbl. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf:1 bbl is based roughly on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at sales point. Although the 6:1 conversion ratio is an industry-accepted norm, it is not reflective of price or market value differentials between product types. Based on current commodity prices, the value ratio between crude oil, NGLs and natural gas is significantly different from the 6:1 energy equivalency ratio. Accordingly, using a conversion ratio of 6 Mcf:1 bbl may be misleading as an indication of value.

Mcfe Conversions: Thousands of cubic feet of gas equivalent ("Mcfe") amounts have been calculated by using the conversion ratio of one barrel of oil (1 bbl) to six thousand cubic feet (6 Mcf) of natural gas. Mcfe amounts may be misleading, particularly if used in isolation. A conversion ratio of 1 bbl to 6 Mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of *natural gas as compared to oil is significantly different from the energy equivalent of 1:6, utilizing a conversion on a 1:6 basis may be misleading as an indication of value.*

Non-GAAP Measures

"Netback" is a non-GAAP financial measure and is calculated as revenues net of royalties, less transportation and processing charges and operating expenses and then divided by BOE or Mcf sold.

Other Warnings

The Exchange has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.

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

This news release contains forward-looking statements relating to the future operations of the Corporation and other statements that are not historical facts. Forward-looking statements are often identified by terms such as "will", "may", "should", "anticipate", "expects" and similar expressions. All statements other than statements of historical fact, included in this release, including, without limitation, statements regarding the future plans and objectives of the Corporation, are forward-looking statements that involve risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Corporation's expectations include risks detailed from time to time in the filings made by the Corporation with securities regulations.

The reader is cautioned that assumptions used in the preparation of any forward-looking information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Corporation. The reader is cautioned not to place undue reliance on any forward-looking information. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement. The forward-looking statements contained in this news release are made as of the date of this news release and the Corporation will update or revise publicly any of the included forward-looking statements as expressly required by Canadian securities law.