HIGHWOOD OIL COMPANY LTD. ANNOUNCES THIRD QUARTER 2020 RESULTS

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

Calgary, Alberta, November 26, 2020

Highwood Oil Company Ltd., ("**Highwood**" or the "**Company**") (TSXV: HOCL) is pleased to announce financial and operating results for the quarter ended September 30, 2020. The Company also announces that its unaudited financial statements and associated Management's Discussion and Analysis ("**MD&A**") for the quarter ended September 30, 2020, can be found at www.sedar.com and www.highwoodoil.com.

Highlights

- Average production of 1,585 bbl/d of oil in the third quarter of 2020, an 82% increase from 870 bbl/d in the second quarter of 2020. Production in the month of September was 1,929 bbl/d as the majority of the Company's production has been restored with the slight improvement in commodity pricing.

- Current net production from Highwood is approximately 2,100 bbl/d of oil with production capacity of 2,300 bbl/d.

- Highwood continues to be encouraged by production performance in the Clearwater area, with net production reaching 1,108 bbl/d in the month of September, representing a new high for the Company.

- Highwood began negotiating the disposition of its Red Earth assets, signing a definitive agreement on November 13, 2020 to vend the assets to an Alberta producer for cash consideration of $2.0 million. The disposition will remove $31 million of undiscounted, uninflated decommissioning obligations from its schedule of liabilities, or approximately 90% of the Company's decommissioning obligations.

Summary of Financial & Operating Results

	Three months ended September 30,			Nine months ended September 30,		
	2020	**2019**	**%**	**2020**	**2019**	**%**
Financial (in thousands)						
Oil and natural gas sales	**$ 5,752**	$ 8,850	(35)	**$ 14,034**	$ 25,440	(45)
Transportation pipeline revenues	**790**	1,316	(40)	**2,719**	4,048	(33)
Total revenues, net of royalties[(1)]	**5,981**	7,410	(19)	**23,297**	19,796	18
Loss	**(16,007)**	(1,447)	1,006	**(27,635)**	(4,430)	524
Cash flow from operating activities	**1,923**	2,226	(14)	**7,876**	11,393	(31)
Capital expenditures	**67**	2,382	(97)	**4,482**	7,055	(36)
Net debt [(2)]				**(42,728)**	(34,179)	25
Shareholder's equity (end of period)				**(4,910)**	24,279	(120)
Shares outstanding (end of period)				**6,014**	6,014	-
Weighted-average basic shares	**6,014**	6,014	-	**6,014**	5,968	1

outstanding						
Operations (6)						
Production						
Crude oil (bbls/d)	**1,585**	1,495	6	**1,443**	1,486	(3)
Total (boe/d)	**1,585**	1,495	6	**1,443**	1,486	(3)
Average realized prices (3)						
Crude Oil (per bbl)	**39.44**	64.32	(39)	**35.50**	62.70	(43)
Operating netback (per BOE) (4)	**5.18**	18.25	(72)	**(0.17)**	20.83	(101)
Wells drilled:						
Gross	-	-	-	**5.0**	3.0	67
Net	-	-	-	**2.5**	1.5	67
Success (%)	-	-	-	**100**	-	-

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

2020 Third Quarter Overview

Highwood's third quarter results were highlighted by the increase in production from 870 bbl/d in the second quarter of 2020 to 1,585 bbl/d in the third quarter, an increase of 82% given the Company's decision to restore production with the slight improvement and stabilization of commodity prices.

For the first nine months of 2020, the Company had revenues net of royalty expense (including realized gains on commodity contracts) of $18.7 million compared to $22.9 million for the same period of 2019. Despite increased production capacity from the Clearwater play, 2020 was impacted by the sharp drop in commodity prices that began in March 2020.

2020 Third Quarter Operations

Highwood's focus in the third quarter of 2020 was on financial sustainability as the Company continually re-evaluated and adjusted field production & operations as well as corporate overheads given the price collapse beginning in March 2020. Highwood ceased its capital program in March 2020 and spent only essential capital during the third quarter.

Highwood reduced executive and employee salaries by approximately 20%, ceased its bonus program and reduced staff to help mitigate the financial impact of the COVID-19 Global Pandemic. The Company has received support from government grants including the Canada Emergency Wage Subsidy ("CEWS") to help mitigate the financial impact of COVID-19 and continues to evaluate any programs available that could provide support to the Company.

The Company has drilled 19 gross wells (9.5 net) in the Clearwater play since it started the Clearwater program in the fourth quarter of 2018. Total capital spend in 2020 was $4.5 million where the Company drilled 5 gross (2.5 net) wells in the Clearwater play.

The Company continually reviews and revises its technical approach to drilling in the Clearwater and has decreased costs as the program has evolved. The Company continues to have its land position delineated by offset operators who are also showing success with secondary recovery method pilot projects. The Company is currently undergoing a waterflood study project at Nipisi which would help to increase ultimate recovery factors if a producing well bore was switched to an injection well.

Outlook

The Company has continued to cease 2020 non-discretionary capital as a result of the COVID-19 Global Pandemic and the current suppressed pricing seen in Western Canada and around the world.

Once returns prove economically feasible, the Company remains excited about the drilling inventory it currently has in its portfolio. The Clearwater oil resource play continues to deliver positive delineation results which underpin an expanding opportunity set for Highwood to pursue lower risk, highly economic, oil-weighted growth. Since early 2017, industry has spud more than 300 wells to delineate and quickly grow the Clearwater play to achieve production in excess of 29,000 bbl/d. Even within a pricing environment that has been very suppressed by historical standards, strong well economics characterized by short cycle times and quick payback periods supported industry drilling over 30 wells to date in 2020.

The Company has, and will continue to, evaluate acquisition opportunities in the M&A market, but will remain disciplined to pursue only those opportunities that are accretive and deleveraging to its balance sheet. The Company intends to build a growing profile of recurring free funds flow that will provide maximum flexibility fund growth, debt repayment and / or other strategic M&A opportunities in a non-dilutive fashion. Subsequent to September 30, 2020, the Company initiated a board approved strategic alternatives process. Strategic alternatives may include, but a not limited to, the sale of the Company, investment in, merger or other business combination, recapitalization, sale of all or a portion of the Company's assets, or any combination thereof.

Further Information

For further information about the Company please contact:

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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 Company 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 Company, 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 Company's expectations include risks detailed from time to time in the filings made by the Company 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 Company. 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 Company will update or revise publicly any of the included forward-looking statements as expressly required by Canadian securities law.*