

FORM 51-102F3

MATERIAL CHANGE REPORT

1. Name and Address of Company

Highwood Oil Company Ltd. (“Highwood” or the “Company”)
Suite 900, 222 - 3rd Street SW
Calgary, AB T2P 0B4

2. Date of Material Change

December 14, 2020 and December 21, 2020

3. News Release

A press release was disseminated on December 14, 2020 and December 21, 2020 via News File Corp.

4. Summary of Material Change

Highwood Oil Company Ltd. Announces Disposition of Clearwater Assets for \$40.8 Million and Second Amended and Restated Credit Agreement.

5.1 Full Description of Material Change

Highwood, as a result of its strategic alternatives review process, it has entered into a definitive agreement with an arm’s length purchaser, Tamarack Valley Energy Ltd. (“Tamarack”) to divest of the Company’s Clearwater assets for cash consideration of \$40.8 million (the “Divestiture”). The effective date of the Divestiture is November 1, 2020.

The Divestiture closed on December 21, 2020.

The Company, together with its sole lender, has executed a Second Amended and Restated Credit Agreement (the “2nd ARCA”). The 2nd ARCA is comprised of a \$10.0 million conforming operating facility with a maturity date of May 31, 2021 and is no longer a reserve-based lending facility.

The Company will be required to maintain a current ratio of not less than 1.0:1.0 and such ratio is to be tested at the end of each fiscal quarter. The Company is required to maintain a net debt to cash flow ratio no greater than 3.0 for the fiscal quarter ended December 31, 2020 and 2.0:1.0 as at the last day of each fiscal quarter beginning March 31, 2021.

5.2 Disclosure for Restructuring Transactions

Not Applicable.

6. Reliance on Section 7.1(2) or (3) of National Instrument 51-102

Not Applicable.

7. Omitted Information

None

8. **Executive Officer**

The name of the executive officer of the Corporation who is knowledgeable about the material change and this report is:

Greg Macdonald
President and CEO
Email: investorrelations@highwoodoil.com

9. **Date of Report**

December 21, 2020