

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

March 25, 2021

3. News Release

A press release was disseminated on March 25, 2021 via News File Corp.

4. Summary of Material Change

Highwood Oil Company Ltd. Announces Completion of Successful Disposition Program, Acquisition of Over 320,000 Acres of Lithium Permits, and Strategic Transformation to an Asset Management Company.

5.1 Full Description of Material Change

As previously announced on November 13, 2020, Highwood has closed the divestiture of its Red Earth assets (“Red Earth”) and the related decommissioning liability of approximately \$35 million, for sale proceeds of \$2 million in cash (the “Red Earth Sale”).

The disposition of Red Earth was to Blue Sky Resources Ltd., an arm’s-length Alberta based, private oil and gas exploration and production company. The Alberta Energy Regulator has accepted all license transfers relating to the sale of Red Earth. Highwood has been engaged by the purchaser to provide transition services relating to the disposed assets through May 2021. A 1.5% success fee was paid to National Bank Financial for their role as financial advisor to the Red Earth Sale.

Highwood’s largest source of cashflow continues to be its 200 km Wabasca Crude Transmission Pipeline in addition to approximately 125 bbls/day of oil production. Pro-forma the Red Earth Sale, Highwood’s current net debt position is approximately \$2.5 million on a conforming operating facility of \$10 million, which matures May 31, 2021.

The reserves summary for the assets that were disposed in the Red Earth Sale as at December 31, 2019, are set forth below.

| | <u>Proved</u> | <u>Proved</u> | <u>Proved</u> | <u>Total</u> | <u>Total</u> | <u>Total Proved</u> |
|---|------------------|-----------------------|--------------------|---------------|-----------------|---------------------|
| <u>Light & Med Oil (Mbbbl)</u> | <u>Producing</u> | <u>Developed Non-</u> | <u>Undeveloped</u> | <u>Proved</u> | <u>Probable</u> | <u>Plus</u> |
| | | <u>Producing</u> | | | | <u>Probable</u> |
| Total Company Interest | 2,784 | 1,562 | 511 | 4,857 | 2,576 | 7,433 |
| Net After Royalty | 2,506 | 1,411 | 452 | 4,369 | 2,304 | 6,673 |
| <u>Oil Equivalent (MBOE)</u> | | | | | | |
| Total Company Interest | 2,784 | 1,562 | 511 | 4,857 | 2,576 | 7,433 |
| Net After Royalty | 2,506 | 1,411 | 452 | 4,369 | 2,304 | 6,673 |
| <u>Before Tax Net Present Value (\$M)</u> | | | | | | |
| 0% | 60,774 | 46,477 | 9,653 | 116,904 | 76,172 | 193,076 |
| 10% | 46,975 | 30,805 | 4,481 | 82,261 | 34,080 | 116,341 |
| 12% | 44,693 | 28,537 | 3,797 | 77,027 | 29,543 | 106,570 |

Acquisition of Over 320,000 Acres of Mineral Permits for Lithium Evaluation

Highwood is pleased to announce that it has secured permits over a land position exceeding 320,000 acres throughout Alberta and British Columbia via Metallic and Industrial Mineral Permits that it deems to be prospective for lithium extraction. Highwood is evaluating several potential alternatives with respect to the assets including bringing in a joint-venture partner and the purchase or development of a direct lithium extraction technology. Highwood has retained Echelon Wealth Partners Inc. as an advisor to assist with determining the best means to finance the continued development of its broadened investment mandate.

Since 2017 Highwood and its largest shareholder have been acquiring lithium rights and evaluating lithium extraction technologies. The Company is currently awaiting lithium and other subsurface metal concentrations from produced water test results and is encouraged by offsetting lithium concentrations and lithium brine deliverability of related wells.

Should the lithium concentrations meet or exceed expectations, Highwood plans to conduct a report under the provisions of National Instrument 43-101- Standards of Disclosure for Mineral Projects.

Strategic Transformation to an Asset Management Company

In conjunction with the previously above noted divestitures and acquisitions, Highwood plans to transition immediately to an asset management company with a focus on energy, energy transition and related technologies and rename itself “Highwood Asset Management”. Over the past five years Highwood has been evaluating various energy, energy transition and cleantech ventures.

The Company has received TSXV acceptance of the Red Earth sale and intends to seek TSXV and shareholder approval for its proposed new name change and transition to Highwood Asset Management. Additional disclosure will be provided once the terms of the change of business have been finalized.

5. Disclosure for Restructuring Transactions

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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

April 4, 2021