



Headwater Exploration Inc. (formerly Corridor Resources Inc.) Announces Closing of Financing and Appointment of Former Raging River Management Team

CALGARY, Alberta, March 04, 2020 -- **Headwater Exploration Inc.** (formerly Corridor Resources Inc.) ("**Headwater**" or the "**Company**") (CDH: TSX) is pleased to announce that it has completed its previously announced financing transactions for aggregate gross proceeds of \$50.0 million, the appointment of a new management team (the "**New Management Team**") and the reconstitution of the board of directors of the Company (the "**Board**").

Private Placements

The financing transactions consisted of: (i) a non-brokered private placement of units of the Company (the "**Units**") for gross proceeds of \$20.0 million (the "**Non-Brokered Private Placement**"); and (ii) a brokered private placement of subscription receipts of the Company (the "**Subscription Receipts**") for gross proceeds of \$30.0 million (the "**Brokered Private Placement**") and together with the Non-Brokered Private Placement, the "**Private Placements**").

Pursuant to the Non-Brokered Private Placement, the New Management Team, together with additional subscribers identified by the New Management Team, purchased 21,739,130 Units at a price of \$0.92 per unit for aggregate gross proceeds of \$20.0 million. Each Unit is comprised of one common share of the Company ("**Common Share**") and one warrant of the Company ("**Warrant**") entitling the holder to purchase one Common Share at a price of \$0.92 per Common Share for a period of 4 years from the issuance date. The Warrants will vest and become exercisable in accordance with the terms set forth in the press release of the Company dated January 13, 2020. Pursuant to the rules of the Toronto Stock Exchange (the "**TSX**"), the Non-Brokered Private Placement required the approval of the shareholders of the Company and as such a special meeting (the "**Meeting**") of the shareholders of the Company was held today, where the Non-Brokered Private Placement was approved by shareholders holding over 99.5% of the Common Shares voted at the Meeting.

Pursuant to the Brokered Private Placement, 32,608,696 Subscription Receipts were sold at a price of \$0.92 per Subscription Receipt for aggregate gross proceeds of \$30.0 million through a syndicate of dealers co-led by Stifel FirstEnergy and National Bank Financial Inc. and including Peters & Co. Limited. The sale of the Subscription Receipts was completed on February 11, 2020. As a result of completion of the Unit Private Placement, appointment of the New Management Team and reconstitution of the Board, the net proceeds of the Brokered Private Placement have been released to the Company and each holder of Subscription Receipts received, without payment of any additional consideration or further action on the part of such holder, one Common Share for each Subscription Receipt held.

New Management Team and Reconstituted Board

The New Management Team, which was appointed concurrently with the completion of the Unit Private Placement, includes Neil Roszell as Chairman and Chief Executive Officer, Jason Jaskela as President and Chief Operating Officer, Ali Horvath as Vice-President, Finance and Chief Financial Officer, Terry Danku as Vice-President, Engineering, Jonathan Grimwood as Vice-President, Exploration and Scott Rideout as Vice-President, Land.

Following the reconstitution of the Board, the Board now consists of six new directors, Neil Roszell and Jason Jaskela, Chandra Henry, Kevin Olson, Stephen Larke and Dave Pearce, and two continuing directors, Phillip Knoll and Martin Fräss-Ehrfeld. Edward (Ted) Brown, a partner with Burnet, Duckworth & Palmer LLP, will act as Corporate Secretary.

Outlook

Headwater is in an enviable position to consolidate assets in the Canadian energy sector with a current positive working capital balance of approximately \$113.5 million (approximately \$115 million as at March 31, 2020) and a strong tax pool balance of approximately \$160 million (as at September 30, 2019). The Company's current share count is 144.3 million basic Common Shares and 167.3 million fully diluted Common Shares.

The New Management Team has been actively evaluating numerous opportunities targeting light, medium and heavy oil throughout the Western Canadian Sedimentary basin. Market conditions in the Canadian energy sector continue to be highly favorable for well capitalized companies. Our balance sheet, motivation and focus on returns are expected to result in numerous successful strategic acquisitions that will be combined with organic development to obtain superior corporate level returns.

Headwater plans to continue the Company's previous strategy of production optimization of the McCully gas field in New Brunswick. The field is expected to be shut in from approximately May 1 to November 1 each year to optimize production

levels, revenue, cash flow and returns by taking advantage of premium gas pricing during the peak demand months.

Name Change

In addition to approving the Unit Private Placement at the Meeting, the shareholders of the Company also approved changing the name of the Company from "Corridor Resources Inc." to "Headwater Exploration Inc." (the "**Name Change**"). The Name Change was approved by shareholders holding over 99.5% of the Common Shares voted at the Meeting. Immediately following completion of the Private Placements, the Company filed all necessary documents with the Alberta Corporate Registry to complete the Name Change. The Company expects that the Common Shares will begin trading under the new name and the symbol "HWX" on the TSX within two to four business days.

For additional information please contact:

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Chairman and Chief Executive Officer

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President and Chief Operating Officer

Ali Horvath, CPA, CA
Vice-President, Finance and Chief Financial Officer

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FORWARD-LOOKING STATEMENTS

*This press release contains forward-looking statements and forward-looking information (collectively, "**forward-looking statements**"). More particularly, this press release contains forward-looking statements concerning: the business plan of Headwater; the expected working capital as of March 31, 2020; the tax pools of the Company; the expectations relating to business advantages and opportunities in the Canadian oil and gas industry given current market conditions; the expectation that the Company will be able to complete numerous successful strategic acquisitions that will be combined with organic development to obtain superior corporate level returns; the expectation that the McCully field will be shut in from approximately May 1 to November 1 each year and by shutting in production Headwater will be able to optimize production levels, revenue, cash flow and returns by taking advantage of premium gas pricing during the peak demand months; and the expected timing of the Common Shares commencing trading under the new stock exchange symbol. In addition, the use of any of the words "guidance", "initial", "scheduled", "can", "will", "prior to", "estimate", "anticipate", "believe", "should", "forecast", "future", "continue", "may", "expect", and similar expressions are intended to identify forward-looking statements.*

The forward-looking statements contained in this press release are based on certain key expectations and assumptions made by Headwater including but not limited to expectations and assumptions concerning the availability of capital, current legislation, egress constraints, receipt of required regulatory approvals, the success of future drilling, development and acquisition activities, the performance of existing wells, the growth and acquisition strategy of the New Management Team, general economic conditions, availability of required equipment and services, assumptions of future commodity natural gas prices (including premiums), the Canada-U.S. exchange rate, and other assumptions identified herein. Although Headwater believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because there is no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with the oil and gas industry in general (including but not limited to operational risks in development, exploration and production); delays or changes in plans with respect to exploration or development projects; capital expenditures, acquisitions or other corporate transactions; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), commodity price and exchange rate fluctuations, changes in legislation affecting the oil and gas industry and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. To the extent any guidance or forward looking statements herein constitute a financial outlook or future oriented financial information ("FOFI"), they are made as of the date hereof and included herein to provide readers with an understanding the plans and assumptions for budgeting purposes and readers are cautioned that the information may not be appropriate for other purposes. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on any financial outlook or FOFI. Headwater's actual results, performance or achievement could differ materially from those expressed in, or implied by, these FOFI, or if any of them do so, what benefits Headwater will derive therefrom. Headwater disclaims any intention or obligation to update or revise any FOFI statements, whether as a result of new information, future events or otherwise, except as required by law.

Additional information on these and other factors that could affect Headwater's operations and financial results are included in its Annual Information Form for the year ended December 31, 2018 and other reports on file with Canadian securities regulatory authorities, which may be accessed through the SEDAR website (www.sedar.com).

The forward-looking statements contained in this press release are made as of the date hereof and Headwater does 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.