

HEADWATER EXPLORATION INC.
Performance and Restricted Award Plan
(Effective April 1, 2022 and amended November 7, 2024 and March 25, 2025)

1. Purposes

The principal purposes of the Plan are as follows:

- (a) to promote a proprietary interest in the Corporation and greater alignment of interests between Eligible Persons and the shareholders of the Corporation by providing a means to accumulate a financial interest in the Corporation;
- (b) to provide a compensation system for Eligible Persons that is reflective of the responsibility and commitment accompanying their role in conducting the business and operations of the Corporation; and
- (c) to assist the Corporation in attracting and retaining individuals with experience and ability to act as officers, employees and consultants of the Corporation.

2. Definitions and Interpretation

As used in this Plan, including the foregoing provisions hereof, the following words and phrases shall have the meanings indicated:

- (a) **"Adjustment Ratio"** means, with respect to any Share Unit Award, the ratio used to adjust the number of Common Shares underlying such Share Unit Award and issuable on the applicable Payment Date, subject to and in accordance with the terms of the Plan; and, in respect of each Share Unit Award, the Adjustment Ratio shall initially be equal to one, and shall be cumulatively adjusted on a compounding basis thereafter by increasing the Adjustment Ratio on each Dividend Payment Date that occurs between the date of grant and the Payment Date, as applicable, effective on the day following the corresponding Dividend Record Date, by an amount, rounded to the nearest six decimal places, equal to a fraction having as its numerator the value of the Dividend, expressed as an amount per Common Share, paid on that Dividend Payment Date, and having as its denominator the Fair Market Value of the Common Shares on that Dividend Payment Date;
- (b) **"Approved Leave of Absence"** means a leave of absence from employment with the Corporation or a Subsidiary of the Corporation in excess of three months that (i) is provided for in the policies, plans or regulations of the Corporation or a Subsidiary of the Corporation, as applicable, including, without limitation, maternity and parental leave in accordance with the Corporation's or a Subsidiary's policies, or (ii) is designated by the Chief Executive Officer of Headwater in the case of a Grantee who is not an officer of Headwater, and the Board in all other cases, as an "Approved Leave of Absence";
- (c) **"Blackout Period"** means the period during which the relevant Grantee is subject to trading restrictions imposed by the Corporation in accordance with its trading policies affecting trades by an Eligible Person;
- (d) **"Board"** means the board of directors of the Corporation as it may be constituted from time to time;

- (e) **"Business Day"** means any day which is not a Saturday, Sunday or statutory holiday, on which the Exchange is open for trading;
- (f) **"Change of Control"** means:
 - (i) a successful "take-over bid" as defined in National Instrument 62-104 or any replacement or successor provisions ("**NI 62-104**"), which is not exempt from the take-over bid requirements of NI 62-104, pursuant to which the "offeror" as a result of such take-over bid, beneficially owns, directly or indirectly, in excess of 50% of the issued and outstanding Common Shares;
 - (ii) the issuance to or acquisition by any person, or group of persons acting in concert, directly or indirectly, including through an arrangement, merger or other form of reorganization of Headwater, of Common Shares which in the aggregate total 50% or more of the then issued and outstanding Common Shares;
 - (iii) Incumbent Directors no longer constituting a majority of the Board; or
 - (iv) the winding up or termination of Headwater or the sale, lease or transfer of all or substantially all of the directly or indirectly held assets of Headwater to any other person or persons (other than pursuant to an internal reorganization or in circumstances where the business of Headwater is continued),

provided that notwithstanding the application of any of the foregoing, a "Change of Control" shall be deemed to not have occurred if a majority of the Board determines that in substance an arrangement, merger or reorganization has not occurred or the circumstances are such that a Change of Control should be deemed to not have occurred and any such determination shall be binding and conclusive for all purposes of the Plan;

- (g) **"Committee"** means the Corporate Governance and Sustainability Committee of the Board or such other committee as the Board considers appropriate;
- (h) **"Common Shares"** means common shares of the Corporation or, in the event of an adjustment contemplated by Section 8, such other securities resulting from such adjustment, and includes any securities of the Continuing Entity;
- (i) **"Continuing Entity"** has the meaning set forth in Section 7 hereof;
- (j) **"Corporation"** or **"Headwater"** means Headwater Exploration Inc. and any successor corporation, whether by amalgamation, merger or otherwise, and unless the context requires otherwise, includes the Corporation and its Subsidiaries or any one of them;
- (k) **"Dividend"** means a dividend declared and paid by the Corporation in respect of the Common Shares, whether payable in cash, Common Shares or other securities or other property, expressed as an amount per Common Share;
- (l) **"Dividend Payment Date"** means any date that a Dividend is paid to Shareholders;
- (m) **"Dividend Record Date"** means the applicable record date in respect of any Dividend used to determine the Shareholders entitled to receive such Dividend;

- (n) "**Eligible Person**" means any officer, employee or consultant of the Corporation (including, for greater certainty, any Subsidiary of the Corporation);
- (o) "**Employment Agreement**" means, where applicable, a written employment agreement, change of control agreement or similar written agreement between the Corporation and the applicable Eligible Person;
- (p) "**Exchange**" means the TSX and, where the context permits, any other stock exchange(s) on which the Common Shares are or may be listed from time to time;
- (q) "**Expiry Date**" has the meaning set forth in Subsection 6(b)(iii) hereof;
- (r) "**Fair Market Value**" with respect to a Common Share, as at any date means the volume weighted average trading price of the Common Shares on the TSX for the five trading days immediately prior to such date (or, if the Common Shares are not then listed and posted for trading on the TSX or are then listed and posted for trading on more than one Exchange, on such Exchange on which the Common Shares are then listed and posted for trading as may be selected for such purpose by the Board acting reasonably). In the event that the Common Shares are not listed and posted for trading on any Exchange, the Fair Market Value shall be the fair market value of the Common Shares as determined by the Board in its sole discretion, acting reasonably;
- (s) "**Good Reason**" means any materially adverse change by the Corporation without the agreement of a Grantee, in any of the Grantee's duties, powers, rights, salary, title or lines of reporting, such that immediately after such change or series of changes, the responsibilities and status of such Grantee, taken as a whole, are fundamentally diminished compared to those assigned to the Grantee immediately prior to such change or series of changes, or any other reason that would be considered to amount to constructive dismissal by a court of competent jurisdiction in Alberta;
- (t) "**Grantee**" means an Eligible Person to whom a Share Unit Award has been granted;
- (u) "**Incumbent Directors**" means any member of the Board who was a member of the Board at the effective date of this Plan and any successor to an Incumbent Director who was recommended, nominated, elected or appointed to succeed any Incumbent Director by the affirmative vote of the Board, including a majority of the Incumbent Directors then on the Board;
- (v) "**Insider**" means an insider of the Corporation, as defined in the applicable rules of the Exchange for this purpose;
- (w) "**Leave Ratio**" means, with respect to any Share Unit Award, the ratio used to adjust the notional number of Common Shares to be issued on the applicable Payment Date pertaining to such Share Unit Award for periods of time that the Grantee of such Share Unit Award is on an Approved Leave of Absence and, shall be an amount, rounded to the nearest six decimal places, equal to a fraction having as its numerator the total number of days between the date of grant of such Share Unit Award and the RSU Vesting Date or PSU Vesting Date, as applicable, that the Grantee has not been on an Approved Leave of Absence, and having as its denominator, the total number of days between the Grant Date and the RSU Vesting Date or PSU Vesting Date, as applicable;

- (x) **"Non-Management Director"** means a director of Headwater who is not also a full-time employee of Headwater or any Subsidiary of Headwater;
- (y) **"Payment Date"** means, with respect to any Share Unit Award, the date upon which the Corporation shall pay cash or issue Common Shares to the Grantee as payment of all or a portion of the Settlement Amount to which the Grantee is entitled pursuant to such Share Unit Award in accordance with the terms hereof;
- (z) **"Payout Multiplier"** means a number ranging from a minimum of zero (0) to a maximum of two (2);
- (aa) **"Performance Period"** means the period as designated by the Board applicable to a PSU Award made hereunder, subject to adjustment or modification pursuant to the terms and conditions of the Plan;
- (bb) **"Plan"** means this restricted and performance award plan, as may be amended, supplemented or restated from time to time;
- (cc) **"PSU Award"** means an award under the Plan designated as a "PSU Award", pursuant to which a payment shall be made or Common Shares shall be issued to the Grantee on the applicable Payment Date(s), determined subject to and in accordance with the terms and conditions of the Plan and which shall, unless otherwise determined by the Board, initially represent one notional Common Share;
- (dd) **"PSU Vesting Date"** means the date on which a PSU Award, or portion thereof, vests and becomes payable to a Grantee pursuant to the terms of Subsection 6(b)(ii) hereof, except as otherwise contemplated in the Plan;
- (ee) **"RSU Award"** means an award under the Plan designated as a "RSU Award", pursuant to which a payment shall be made or Common Shares shall be issued to the Grantee on the applicable Payment Date(s), determined subject to and in accordance with the terms and conditions of the Plan and which shall, unless otherwise determined by the Board, initially represent one notional Common Share;
- (ff) **"RSU Vesting Date"** means the date on which an RSU Award, or portion thereof, vests and becomes payable to a Grantee pursuant to the terms of the Plan as set forth in Subsection 6(b)(i) hereof, except as otherwise contemplated in the Plan;
- (gg) **"Security Based Compensation Arrangement"** means any incentive plan, option, option plan, restricted share award plan or employee share purchase plan where the Corporation provides any financial assistance or matching mechanism, stock appreciation right or any other compensation or incentive mechanism, which in each case involves the issuance or potential issuance of securities from the Corporation's treasury, including a share purchase from treasury which is financially assisted by the Corporation by way of a loan guarantee or otherwise, but for greater certainty does not involve compensation arrangements which do not involve the issuance or potential issuance of securities from the Corporation's treasury;
- (hh) **"Settlement Amount"** has the meaning set forth in Subsection 6(d) hereof;

- (ii) **"Share Unit Award"** means an RSU Award or PSU Award, as applicable, made pursuant to the Plan;
- (jj) **"Share Unit Award Agreement"** means a written agreement between the Corporation and the Grantee or an award letter or other confirmation from the Corporation evidencing a grant of RSU Awards and/or PSU Awards made pursuant to the Plan;
- (kk) **"Shareholder"** means a holder of Common Shares;
- (ll) **"Subsidiary"** has the meaning set forth in the *Securities Act* (Alberta);
- (mm) **"Termination Date"** means the date that is the earlier of:
 - (i) shall mean the Grantee's last day actively at work performing the usual and customary day-to-day duties of the Grantee's employment or consulting position, regardless of the reason for the cessation of the employment or consulting relationship, regardless of whether any advance working notice, or compensation in lieu of such notice is given to such Grantee, and regardless of whether or not such cessation of the employment or consulting relationship is later found to be invalid or unlawful or in breach of any applicable laws, and the Termination Date shall not, under any circumstances, be extended by any statutory, contractual or common law notice period mandated under any applicable law; for greater certainty, in the event that a Grantee who is an employee is on an Approved Leave of Absence, such Grantee shall not be deemed to have ceased to be actively at work or ceased to be an employee; or
 - (ii) the date of the Grantee's death.

For greater certainty: a transfer of employment or consulting services between the Corporation and a Subsidiary of the Corporation or between Subsidiaries of the Corporation shall not, unless otherwise determined by the Board, be considered an interruption or termination of the employment of a Grantee or cessation of the consulting services provided by a Grantee for any purpose of the Plan; and

- (nn) **"TSX"** means the Toronto Stock Exchange.

Where the context so requires, words importing the singular number include the plural and vice versa, and words importing the masculine gender include the feminine and neuter genders. In this Plan, references to "Sections" or "Subsections" are references to sections or subsections in this Plan.

3. **Administration of the Plan**

Subject to Section 11 hereof, the Plan shall be administered by the Board, which shall have the authority in its sole and absolute discretion to administer the Plan and to exercise all the powers and authorities either specifically granted to it under the Plan or necessary or advisable in the administration of the Plan, subject to and not inconsistent with the express provisions of this Plan and including, without limitation:

- (a) the authority to grant Share Unit Awards;

- (b) to determine the Fair Market Value of the Common Shares on any date in accordance with the definition of Fair Market Value contained in Subsection 2(r);
- (c) to determine the Eligible Persons to whom, and the time or times at which, Share Unit Awards shall be granted;
- (d) to determine the number of Common Shares to be referenced by each Share Unit Award including the calculations in respect of notional Dividends accrued and payable thereon as applicable;
- (e) to determine the Payment Date with respect to any Share Unit Award;
- (f) to determine all matters relating to the determination of the Payout Multiplier to be applied to any grant of PSU Awards from time to time;
- (g) to determine whether any vesting criteria shall apply to any particular Share Unit Award and, if so, to determine such vesting criteria;
- (h) to establish policies and to adopt rules and regulations for carrying out the purposes, provisions and administration of the Plan;
- (i) to interpret and construe the Plan and to determine all questions arising out of the Plan and any Share Unit Award granted pursuant to the Plan (and any such interpretation, construction or determination made by the Board shall be final, binding and conclusive for all purposes on the Corporation and the Grantee);
- (j) to determine and prescribe the terms and provisions of Share Unit Award Agreements (which need not be identical) entered into in connection with Share Unit Awards and the form of documents or processes in respect of the payment of Share Unit Awards; and
- (k) to make all other determinations deemed necessary or advisable for the administration of the Plan.

The Board may delegate to the Committee any duties relating to the Plan as the Board may deem advisable, and where so delegated, any reference to the Board in this Plan shall be deemed to be a reference to the Committee. In addition, the Board may delegate to one or more of its members or to one or more agents any duties as it may deem advisable, and the Board or any person to whom it has delegated duties as aforesaid may employ one or more persons to render advice with respect to any responsibility the Board or such person may have under the Plan

For greater certainty and without limiting the discretion conferred on the Board pursuant to this Section 3, the Board's decision to approve the grant of a Share Unit Award to an Eligible Person in any period shall not require the Board to approve the grant of a Share Unit Award to any Eligible Person in any other period; nor shall the Board's decision with respect to the size, terms and/or conditions of a Share Unit Award in any period require it to approve the grant of a Share Unit Award of the same or similar size or with the same or similar terms and conditions to any Eligible Person in any other period. The Board shall not be precluded from approving the grant of a Share Unit Award to any Eligible Person solely because such Eligible Person may previously have been granted a Share Unit Award under this Plan or any other similar compensation arrangement of the Corporation.

4. **Eligibility and Award Determination**

Share Unit Awards may be granted only to such Eligible Persons as the Board may determine, provided that no Eligible Person has any claim or right to be granted a Share Unit Award. In determining the Eligible Persons to whom Share Unit Awards may be granted and the number of Share Unit Awards granted to any Eligible Person, the Board may take into account such factors as it shall determine in its sole and absolute discretion. Participation in the Plan by Eligible Persons is voluntary.

5. **Common Shares Subject to the Plan**

Notwithstanding any other provision of this Plan:

- (a) the number of Common Shares reserved that are available to be issued from time to time pursuant to granted and outstanding Share Unit Awards under this Plan shall not exceed 4.5% of the aggregate number of issued and outstanding Common Shares;
- (b) the number of Common Shares issuable to Insiders of the Corporation, at any time, under all Security Based Compensation Arrangements, including this Plan, shall not exceed 10% of the issued and outstanding Common Shares; and
- (c) the number of Common Shares issued to Insiders of the Corporation, within any one year period, under all Security Based Compensation Arrangements, including this Plan shall not exceed 10% of the issued and outstanding Common Shares.

For the purposes of this Plan, any increase in the issued and outstanding Common Shares will result in an increase in the number of Common Shares that are available to be issued under the Plan pursuant to Subsection 5(a) and any issuance of Common Shares pursuant to Share Unit Awards will make new grants available under the Plan. Following the settlement, exercise, expiration, cancellation or other termination of any Share Unit Awards under the Plan, a number of Common Shares equal to the number of Common Shares underlying the Share Unit Awards or options so settled, exercised, expired, cancelled or terminated shall automatically become available for issuance in respect of Share Unit Awards that may subsequently be granted under the Plan subject in all cases to the limitations set out in the Section 5. No fractional Common Shares may be issued under the Plan.

6. **Terms and Conditions of Share Unit Awards**

Each Share Unit Award granted under the Plan shall be subject to the terms and conditions of the Plan and evidenced by a Share Unit Award Agreement and the following terms and conditions (and such other terms and conditions as the Board, in its discretion, shall establish):

- (a) ***Number and Type of Share Unit Awards*** - The Board shall determine the number of Share Unit Awards to be awarded to a Grantee and shall designate such award as either a "RSU Award" or a "PSU Award", as applicable, in the Share Unit Award Agreement relating thereto.

(b) ***Vesting and Payment Dates and Adjustment of Share Unit Awards***

- (i) RSU Awards - Subject to the remainder of this Section 6 and unless otherwise determined by the Board at the time of grant, the RSU Vesting Date for a particular RSU Award shall be:

- (A) as to one-third of the RSU Awards granted, on the first anniversary of the grant date of the RSU Awards;
- (B) as to one-third of the RSU Awards granted, on the second anniversary of the grant date of the RSU Awards; and
- (C) as to the remaining one-third of the RSU Awards granted, on the third anniversary of the grant date of the RSU Awards;

Subject to the remainder of this Section 6 and unless otherwise determined by the Board at the time of grant, the Payment Date for an RSU Award shall be the RSU Vesting Date. Payment for a vested RSU Award shall be made by the Corporation to the Grantee on the corresponding Payment Date in accordance with Subsection 6(d) hereof.

- (ii) PSU Awards - Subject to the remainder of this Section 6 and unless otherwise determined by the Board at the time of grant, the PSU Vesting Date for a particular PSU Award shall be the date that is the later of:

- (A) the date of completion of the Performance Period applicable to such PSU Award; and
- (B) the third anniversary of the date of grant of such PSU Award.

Subject to the remainder of this Section 6 and unless otherwise determined by the Board at the time of grant, the Payment Date for a PSU Award shall be the date such PSU Vesting Date. Payment for a vested PSU Award shall be made by the Corporation to the Grantee on the corresponding Payment Date in accordance with Section 6(d) hereof.

- (iii) Adjustment of Share Unit Awards - Immediately prior to each Payment Date, the number of Common Shares underlying a Share Unit Award shall be adjusted by multiplying such number by:

- (A) the Leave Ratio applicable in respect of such Share Unit Award, if the Board elects to apply the Leave Ratio in its sole and absolute discretion;
- (B) the Adjustment Ratio applicable in respect of such Share Unit Award; and
- (C) the Payout Multiplier applicable to such Share Unit Award, in the case of a PSU Award,

provided however, that:

- (D) if a Grantee has been on an Approved Leave of Absence at any time since the date of grant in respect of such Share Unit Award, the Adjustment Ratio shall not be adjusted for any Dividends paid during the period of such Approved Leave of Absence; and
 - (E) subject to any required approvals that may be required by the Exchange and notwithstanding any other provision of this Plan, the Board hereby reserves the right to make any additional adjustments to the number of Common Shares underlying any Share Unit Award if, in the sole discretion of the Board, such adjustments are appropriate in the circumstances having regard to the principal purposes of the Plan and terms of the Share Unit Award.
- (iv) Final Payment Date – Notwithstanding any other provisions of this Plan, for greater certainty, no term or condition of a grant of Share Unit Awards hereunder or any Share Unit Award Agreement may have the effect of causing the payment or issuance of Common Shares pursuant to any RSU Award or PSU Award under the Plan to a Grantee in satisfaction of such Grantee's RSU Awards or PSU Awards under the Plan (or any portion thereof) to occur after December 10 in the third (3rd) calendar year following the calendar year in respect of which such Share Unit Awards were granted (the "**Expiry Date**").
- (c) ***Payment Date if Blackout Period*** – Notwithstanding any of the foregoing, if the Payment Date occurs during a Blackout Period applicable to the relevant Grantee, then the Payment Date shall not occur until the date that is the sixth Business Day after the expiry of the Blackout Period, unless such extension would cause the Payment Date to extend beyond the Expiry Date, in which case the Payment Date shall remain on the Expiry Date and, if the payment of such Settlement Amount is to be made by a cash payment, the Fair Market Value utilized in determining the Settlement Amount in respect of such Payment Date shall be the lesser of the Fair Market Value determined based on: (i) the trading day immediately prior to the commencement of such Black-Out Period; and (ii) the trading day immediately prior to the Expiry Date.
- (d) ***Payment for Vested Share Unit Awards*** – The Corporation shall satisfy all amounts owing or payable to a Grantee in respect a Share Unit Award that has vested and become payable pursuant to this Plan by, at the option of the Board, in its sole discretion, any of the following methods or by a combination thereof: (i) paying to the Grantee, on the applicable Payment Date, an amount in cash equal to the Fair Market Value of the Common Shares underlying such Share Unit Awards; or (ii) issuing to the Grantee on the Payment Date the number of fully paid and non assessable Common Shares underlying such Share Unit Awards, in each case as adjusted in accordance with the relevant provisions set forth in Subsection 6(b) (the "**Settlement Amount**"), in consideration for the deemed surrender by the Grantee to the Corporation of such vested Share Unit Awards. On the applicable Payment Date, the Corporation shall cause a cash payment to be made to the Grantee (or as the Grantee may direct) or a certificate (or other evidence of ownership) representing the Common Shares issued in the name of the Grantee (or as the Grantee may direct) as payment of the Settlement Amount and such Share Unit Awards in respect of which such payment or issuance has been made shall be deemed to be cancelled. The Corporation shall not be required to determine whether the payment method shall take the form of cash or Common Shares until the Payment Date, or some reasonable time prior thereto. A holder of a Share Unit Award shall not have any right to demand the form of payment in respect

of the Settlement Amount, at any time. Notwithstanding any election by the Corporation to settle any Settlement Amount, or portion thereof, in cash or Common Shares, the Corporation reserves the right to change its election in respect thereof at any time up until payment is actually made, and the holder of such Share Unit Award shall not have the right, at any time to enforce settlement in any particular form of payment.

If the Board determines to issue Common Shares as payment for the Settlement Amount, the Common Shares shall be issued from treasury or, at the option of the Board, acquired on the Exchange, or a combination thereof; provided that until such time as the Shareholders of the Corporation ratify and approve this Plan and approve all unallocated Share Unit Awards issuable under this Plan the Corporation shall not be entitled to issue any Common Shares from treasury as payment of the Settlement Amount.

The Corporation shall be entitled to withhold from the Settlement Amount (whether the Grantee receives cash or Common Shares as payment of the Settlement Amount) all amounts as may be required by law and in the manner contemplated by Section 9.

- (e) **Termination** - Unless otherwise determined by the Board, or unless otherwise provided in a Share Unit Award Agreement pertaining to a particular Share Unit Award or any Employment Agreement governing a Grantee's role as an Eligible Person the following provisions shall apply in the event that a Grantee ceases to be an Eligible Person:
- (i) Ceasing to be an officer, employee or consultant – Subject to Subsection 6(e)(iii), if a Grantee ceases to be an Eligible Person (other than by reason of death) and the Termination Date is prior to the Payment Date the Grantee shall only be entitled to receive the Settlement Amount in respect of Share Unit Awards for which the RSU Vesting Date or the PSU Vesting Date, as applicable, has occurred on or prior to the Termination Date of such Grantee's employment or consulting relationship with the Corporation, and payment for such Share Unit Awards shall be made in accordance with Subsection 6(d) of the Plan. All Share Unit Awards held by such Grantee for which the Grantee is not entitled to receive the Settlement Amount as set forth in this Subsection 6(e)(i), and all Share Unit Award Agreements under which such outstanding Share Unit Awards have been made to such Grantee, shall be, and shall be deemed to be, immediately terminated and all rights to receive payment of cash or Common Shares thereunder shall be, and shall be deemed to be, forfeited by the Grantee, effective as of the Termination Date.
 - (ii) Death of a Grantee - If a Grantee ceases to be an Eligible Person because of such Grantee's death, the Corporation shall make a cash payment or issue Common Shares, as determined in accordance with Subsection 6(d) to the Grantee's personal or legal representative in respect of all outstanding Share Unit Awards held by such Grantee as at the date of death regardless of whether such Share Unit Awards have vested at the date of the Grantee's death, and the Payout Multiplier applicable to any Performance Awards held by the Grantee at the time of death shall be determined by the Board.
 - (iii) Change of Control – Notwithstanding Subsection 6(e)(i) hereof, in the event of any Change of Control of the Corporation prior to the Payment Date or Payment Dates, and regardless of whether or not a Grantee is on an Approved Leave of Absence, if:

- (A) a Grantee is terminated without cause in connection with such Change of Control or within the six (6) months following a Change of Control, the Payment Date or Payment Dates for all Share Unit Awards held by the Grantee regardless of whether the RSU Vesting Date or PSU Vesting Date, as applicable, has occurred, shall be the Termination Date and the Payout Multiplier applicable to any PSU Awards shall be determined by the Board, acting reasonably;
- (B) within six (6) months following a Change of Control, the Grantee voluntarily resigns for an event or events which constitute Good Reason, the Payment Date or Payment Dates for all Share Unit Awards held by the Grantee regardless of whether the RSU Vesting Date or PSU Vesting Date, as applicable, has occurred shall be the Termination Date and the Payout Multiplier applicable to any Performance Awards shall be determined by the Board, acting reasonably;

7. **Business Combinations and Certain Adjustments**

Subject to Subsection 6(e)(iii), if the Corporation enters into any transaction or series of transactions, whereby the Corporation or all or substantially all of the Common Shares of the Corporation or all or substantially all of the Corporation's property or assets become the property of any other trust, body corporate, partnership or other person (a "**Continuing Entity**") whether by way of take-over bid, acquisition, reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise, then prior to or contemporaneously with the consummation of such transaction(s) the Corporation and the Continuing Entity shall execute such instruments and do such things as are necessary to establish that upon the consummation of such transaction(s) the Continuing Entity will have assumed all the covenants and obligations of the Corporation under this Plan and the Share Unit Awards and Share Unit Award Agreements outstanding on consummation of such transaction(s) in a manner that substantially preserves and does not impair the rights of the Grantees thereunder in any material respect (including the ability to receive shares, securities or other property of the Continuing Entity in lieu of Common Shares on the Payment Date(s) applicable to such Share Unit Awards and adjusted appropriately to give effect to such transaction(s) and which shares, securities or other property of the Continuing Entity the Grantee shall accept in lieu of Common Shares), and subject to compliance with this Section 7, any such Continuing Entity shall succeed to, and be substituted for, and may exercise every right and power of, the Corporation under this Plan and such Share Unit Award Agreements with the same effect as though the Continuing Entity had been named as the Corporation herein and therein and thereafter, the Corporation shall be relieved of all obligations and covenants under this Plan and such Share Unit Award Agreements and the obligation of the Corporation to the Grantees in respect of the Share Unit Awards shall terminate and be at an end and the Grantees shall cease to have any further rights in respect thereof.

8. **Effect of Certain Changes**

In the event:

- (a) of any change in the Common Shares through subdivision, consolidation, reclassification, recapitalization or similar transaction; or
- (b) that any rights are granted to Shareholders to purchase Common Shares at prices substantially below Fair Market Value, or

- (c) that, as a result of any recapitalization, merger, consolidation or other transaction, the Common Shares are converted into or exchangeable for any other securities,

and such events do not constitute a transaction for the purposes of Section 7, then, in any such case, the Board may, subject to obtaining any required approvals which the Exchange may require, make such adjustments to the Plan, to any Share Unit Awards and to any Share Unit Award Agreements outstanding under the Plan as the Board may, in its sole discretion, acting reasonably, consider appropriate in the circumstances to prevent dilution or enlargement of the rights granted to Grantees hereunder.

9. Withholding Taxes

When a Grantee or other person becomes entitled to receive a payment in respect of a Share Unit Award, Headwater shall have the right to require the Grantee or such other person to remit to Headwater an amount sufficient to satisfy any withholding tax requirements or other required source deductions relating thereto. Unless otherwise prohibited by the Board or by applicable law, satisfaction of the withholding tax obligation may be accomplished by any of the following methods or by a combination of such methods:

- (a) the tendering by the Grantee of a cash payment to Headwater in an amount less than or equal to the total withholding tax obligation; or
- (b) where Headwater has elected to issue Common Shares to the Grantee, the withholding by Headwater from the Common Shares otherwise due to the Grantee such number of Common Shares as it determines are required to be sold by Headwater, as trustee, to satisfy the total withholding tax obligation (net of selling costs). The Grantee consents to such sale and grants to Headwater an irrevocable power of attorney to effect the sale of such Common Shares and acknowledges and agrees that Headwater does not accept responsibility for the price obtained on the sale of such Common Shares; or
- (c) the withholding by Headwater from any cash payment otherwise due to the Grantee, including the Settlement Amount, such amount of cash as is required for the amount of the total withholding tax obligation;

provided, however, that the sum of any cash so paid or withheld and the net proceeds of the sale of any Common Shares so withheld is sufficient to satisfy the total withholding tax obligation.

Grantees (or their beneficiaries) shall be responsible for all taxes with respect to any Share Unit Awards granted under the Plan. The Board and Headwater make no guarantees to any person regarding the tax treatment of Share Unit Awards or payments made under the Plan and none of Headwater, nor any of its employees or representatives shall have any liability to a Grantee (or its beneficiaries) with respect thereto.

10. Non-Transferability

Subject to Subsection 6(e)(ii), the right to receive Common Shares pursuant to a Share Unit Award granted to a Grantee is personal to such Grantee and is non-transferable and non-assignable. Except as otherwise provided in this Plan, no assignment, sale, transfer, pledge or charge of a Share Unit Award, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such Share Unit Award whatsoever in any assignee or transferee and, immediately upon any

assignment, sale, transfer, pledge or charge or attempt to assign, sell, transfer, pledge or charge, such Share Unit Award shall terminate and be of no further force or effect.

11. Amendment and Termination of Plan

- (a) Subject to Subsections 11(b) and (c), the Board may, at any time and from time to time, without the approval of the Shareholders or any other voting securities of the Corporation, suspend, discontinue or amend the Plan or a Share Unit Award made thereunder.
- (b) Notwithstanding Subsection 11(a), the Board may not, without the approval of the Shareholders to be received in such manner as may be required by the policies of the Exchange, amend the Plan or a Share Unit Award to:
 - (i) increase the percentage of the issued and outstanding Common Shares that are available to be issued pursuant to granted and outstanding Share Unit Awards at any time pursuant to Subsection 5(a);
 - (ii) increase the number of Common Shares that may be issued to Insiders of the Corporation above the restrictions contained in Subsections 5(b) and 5(c);
 - (iii) permit Non-Management Directors to be Eligible Persons or in any other way permit Non-Management Directors to become eligible to receive Share Unit Awards under the Plan;
 - (iv) extend the Expiry Date of any Share Unit Award granted under the Plan;
 - (v) permit the transfer or assignment of Share Unit Awards, except in the case of death of a Grantee; or
 - (vi) make any amendments to this Section 11 except to add additional restrictions on the type of amendments that the Board can make to this Plan without receiving the approval of the Shareholders.
- (c) Notwithstanding Subsection 11(a), unless a holder of Share Unit Awards otherwise agrees, the Board may not suspend, discontinue or amend the Plan or amend any outstanding Share Unit Award in a manner that would adversely alter or impair any Share Unit Award previously granted to Grantee under the Plan, and any such suspension, discontinuance or amendment of the Plan or amendment to a Share Unit Award shall apply only in respect of Share Unit Awards granted on or after the date of such suspension, discontinuance or amendment. No suspension, discontinuance or amendment of the Plan or amendment of a Share Unit Award may contravene the requirements of the Exchange or any securities commission or regulatory body to which the Plan, the Share Unit Award or the Corporation is now or may hereafter be subject.
- (d) Notwithstanding the foregoing, any amendment or termination of the Plan shall ensure that the Plan continuously meets the requirements of paragraph (k) of the definition of "salary deferral arrangement" in section 248 of the *Income Tax Act* (Canada) or any successor section, regulation or definition.

12. Miscellaneous

- (a) **Effect of Headings** - The section and subsection headings contained herein are for convenience only and shall not affect the construction hereof.
- (b) **Non-Exclusivity** – Nothing contained herein will prevent the Board from adopting other or additional compensation arrangements for the benefit of any Eligible Person, subject to any required regulatory, Exchange or Shareholder approval.
- (c) **Unfunded Plan** – To the extent any individual holds any rights under the Plan, such rights shall be no greater than the rights of an unsecured general creditor of the Corporation, unless otherwise determined by the Board.
- (d) **Compliance with Legal Requirements** – Headwater may, in its sole discretion, postpone the issuance or delivery of any Common Shares that it elects to issue as payment for any Share Unit Award as the Board may consider appropriate, and may require any Grantee to make such representations and furnish such information as it may consider appropriate in connection with the issuance or delivery of a cash payment or Common Shares in compliance with applicable laws, rules and regulations. Headwater shall not be required to qualify for resale pursuant to a prospectus or similar document any Common Shares awarded under the Plan, provided that, if required, Headwater shall notify the Exchange and any other appropriate regulatory bodies in Canada of the existence of the Plan and the granting of Share Unit Awards hereunder in accordance with any such requirements.
- (e) **No Right to Continued Employment** - Nothing in the Plan or in any Share Unit Award Agreement entered into pursuant hereto shall confer upon any Grantee the right to continue in the employ or service of the Corporation or any Subsidiary of the Corporation, to be entitled to any remuneration or benefits not set forth in the Plan or a Share Unit Award Agreement or to interfere with or limit in any way the right of the Corporation or any Subsidiary thereof to terminate the Grantee's employment or service arrangement with the Corporation or any Subsidiary thereof.
- (f) **Rights as a Shareholder** – Until Common Shares have actually been issued in accordance with the terms of the Plan, the Grantee to whom a Share Unit Award has been made shall not possess any incidents of ownership of such Common Shares including, for greater certainty and without limitation, the right to receive Dividends on such Common Shares and the right to exercise voting rights in respect of such Common Shares. Such Grantee shall only be considered a Shareholder in respect of such Common Shares when such issuance has been entered upon the records of the duly authorized transfer agent of Headwater.
- (g) **No Liability** – The Corporation shall not be liable to any Grantee for any loss resulting from a decline in the market value of any Common Shares.
- (h) **Expenses** – Other than pursuant to Section 9, all expenses in connection with the Plan shall be borne by the Corporation.
- (i) **Grantee Information** – Each Grantee shall provide Headwater with all information (including personal information) required by Headwater in order to administer the Plan. Each Grantee acknowledges that information required by Headwater in order to administer the Plan may be disclosed to the Board or its appointed administrator and other third parties

in connection with the administration of the Plan. Each Grantee consents to such disclosure and authorizes Headwater to make such disclosure on the Grantee's behalf.

13. Governing Law

The Plan shall be governed by, construed and interpreted in accordance with the laws of the Province of Alberta.

14. Invalidity

If any provision of the Plan or part hereof is determined to be void or unenforceable in whole or in part, such determination shall not affect the validity or enforcement of any other provision or part thereof.

15. Effective Date

This Plan shall take effect on April 1, 2022.