

MANAGEMENT INFORMATION CIRCULAR
DATED APRIL 2, 2026





THE CLEARWATER ADVANTAGE

Headwater Exploration Inc. is a Canadian publicly traded resource company engaged in the exploration for and development and production of petroleum and natural gas in Canada. Headwater currently has high quality oil production, reserves and lands primarily in the Clearwater, Grand Rapids and Wabiskaw formations in the greater Marten Hills area of Alberta. Headwater also has low decline natural gas production and reserves in the McCully Field near Sussex, New Brunswick. Headwater is focused on providing superior corporate level returns by focusing on sustainability, asset quality and balance sheet strength.

We are publicly traded on the Toronto Stock Exchange (TSX: HWX). Find out more on our website www.headwaterexp.com.

WHAT'S INSIDE

Notice of Annual Meeting	3
Voting Matters	5
Business of the Meeting	11
Director Nominees	15
Directors' Compensation	27
Corporate Governance	32
Executive Compensation	47
Other Information	64
Advisories	66

Schedules

Schedule A 2022 Award Plan Summary	70
Schedule B Mandate of the Board of Directors	74

PROXY SUMMARY

The following summary highlights some of the important information you will find in this Information Circular. We recommend you read the entire Information Circular before voting.

Shareholder Voting Matters

Voting Matters	Board Vote Recommendation	For More Information See Pages
Election of Directors	FOR each nominee	11
Appointment of Auditors	FOR	13
Say-on-Pay Advisory Vote	FOR	14



NOTICE OF ANNUAL MEETING

TO THE HOLDERS OF COMMON SHARES:

NOTICE is hereby given that an annual meeting (the "**Meeting**") of the holders ("**Shareholders**") of common shares ("**Common Shares**") of Headwater Exploration Inc. ("**Headwater**" or the "**Corporation**") will be held at 3:00 p.m. (Calgary time) on Wednesday, May 20, 2026, in a virtual-only format that will be conducted via live webcast accessible at <https://meetings.lumiconnect.com/400340067099>, for the following purposes:

1. to receive the financial statements of the Corporation for the year ended December 31, 2025 and the auditors' report thereon;
2. to consider and, if thought appropriate, elect directors of the Corporation;
3. to consider and, if thought appropriate, appoint the auditors of the Corporation and authorize the directors to fix their remuneration as such;
4. to consider and, if thought appropriate, on an advisory non-binding basis, to accept Headwater's approach to executive compensation; and
5. to transact such further and other business as may properly come before the Meeting or any adjournment(s) thereof.

The nature of the business to be transacted at the Meeting and the specific details of the matters proposed to be put to the Meeting are described in further detail in the accompanying management information circular of the Corporation dated April 2, 2026 (the "**Information Circular**").

The record date for the determination of Shareholders entitled to receive notice of and to vote at the Meeting is April 2, 2026 (the "**Record Date**"). Only Shareholders whose names have been entered in the register of Shareholders at the close of business on that date will be entitled to receive notice of and vote at the Meeting, provided that, to the extent a Shareholder transfers the ownership of any of his or her Common Shares after such date and the transferee of those Common Shares establishes that he or she owns the Common Shares and requests, not later than 10 days before the Meeting, to be included in the list of Shareholders eligible to vote at the Meeting, such transferee will be entitled to vote those Common Shares at the Meeting.

This year the Meeting will be held in a virtual-only format conducted via live webcast, which will provide Shareholders an opportunity to attend and participate in the Meeting (virtually) regardless of their geographic location. While Shareholders and duly appointed proxyholders will not be able to attend the Meeting in person, Shareholders will have an equal opportunity to participate at the Meeting and vote on the matters to be considered at the Meeting regardless of their geographic location.

Shareholders may attend the Meeting virtually or may be represented by proxy. Shareholders who are unable to attend the Meeting (virtually) or any adjournment thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment thereof. A proxy will not be valid unless it is deposited with Odyssey Trust Company, Trader's Bank Building, 1100 67 Yonge Street, Toronto, ON M5E 1J8 (Attention: Proxy Department), by facsimile at (800) 517-4553 (if outside North America) or by internet at <https://vote.odysseytrust.com> at least 48 hours (excluding Saturdays, Sundays and holidays) prior to the time set for the Meeting or any adjournment(s) thereof. All instructions are listed in the enclosed form of proxy. The instrument appointing a proxy shall be in writing and shall be executed by the Shareholder or his or her attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized.



The persons named in the enclosed form of proxy are our officers of the Corporation. **Each Shareholder has the right to appoint a proxyholder other than such persons, who need not be a Shareholder, to attend and to act for such Shareholder and on such Shareholder's behalf at the Meeting.** To exercise such right, the names of the nominees of management should be crossed out and the name of the Shareholder's appointee should be legibly printed in the blank space provided.

DATED this 2nd day of April, 2026.

BY ORDER OF THE BOARD OF DIRECTORS OF
HEADWATER EXPLORATION INC.

(signed) "*Neil Roszell*"
Executive Chair of the Board of Directors



Management Information Circular dated April 2, 2026 for the Annual Meeting of Shareholders of Headwater Exploration Inc. to be held on May 20, 2026.

VOTING MATTERS

Solicitation of Proxies

This management information circular (this "**Information Circular**") is furnished in connection with the solicitation of proxies by management of Headwater Exploration Inc. ("**Headwater**" or the "**Corporation**") for use at the annual meeting (the "**Meeting**") of the holders ("**Shareholders**") of common shares ("**Common Shares**") of the Corporation to be held at 3:00 p.m. (Calgary time) on Wednesday, May 20, 2026 in a virtual-only format that will be conducted via live webcast accessible at <https://meetings.lumiconnect.com/400340067099> and at any adjournment(s) thereof, for the purposes set forth in the Notice of Annual Meeting.

A proxy will not be valid unless it is deposited with Odyssey Trust Company, Trader's Bank Building, 1100 67 Yonge Street, Toronto, ON M5E 1J8 (Attention: Proxy Department), by facsimile at (800) 517-4553 (if outside North America) or by internet at <https://vote.odysseytrust.com> at least 48 hours (excluding Saturdays, Sundays and holidays) prior to the time set for the Meeting or any adjournment(s) thereof. All instructions are listed in the enclosed form of proxy.

Non-registered or beneficial Shareholders who do not hold Common Shares in their own name but rather through a broker, financial institution, trustee, nominee or other intermediary must complete and return the voting instruction form provided to them or follow the telephone or internet-based voting procedures described therein in advance of the deadline set forth in the voting instruction form in order to have such Common Shares voted at the Meeting on their behalf.

Registered Shareholders and duly appointed proxyholders (including beneficial Shareholders who have duly appointed themselves as proxyholders) who attend the Meeting will be able to listen to the Meeting, ask questions and vote, all in real-time, provided that they are connected to the internet. Guests, including beneficial Shareholders who have not duly appointed themselves as proxyholder, can log in to the Meeting as set out below and can listen to the Meeting but will not be able to communicate or vote. See "*How to Participate at the Meeting*" below.

If a registered Shareholder or proxyholder attends and wishes to vote at the Meeting, it is important that such registered Shareholder or proxyholder remain connected to the internet at all times during the Meeting. It is such registered Shareholder or proxyholder's responsibility to ensure connectivity for the duration of the Meeting and to allow ample time to check into the Meeting online and complete the related procedures, as set forth below. For any questions regarding participation or voting at the Meeting, please contact our registrar and transfer agent, Odyssey Trust Company, at 888-290-1175.

Only Shareholders of record at the close of business on April 2, 2026 will be entitled to vote at the Meeting, unless that Shareholder has transferred any Common Shares subsequent to that date and the transferee Shareholder, not later than ten (10) days before the Meeting, establishes ownership of such Common Shares and demands that the transferee's name be included on the list of Shareholders entitled to vote at the Meeting.



The instrument appointing a proxy must be in writing and must be executed by you or your attorney authorized in writing or, if you are a company, by a duly authorized officer or attorney of the company.

The persons named in the enclosed form of proxy are our officers. **As a Shareholder, you have the right to appoint a person or company, who need not be a Shareholder, to represent you at the Meeting.** To exercise this right you should insert the name of the desired representative in the blank space provided on the form of proxy.

The following applies to a registered Shareholder who wishes to appoint a proxyholder other than those named in the form of proxy.

A Shareholder who wishes to appoint as its proxyholder an individual other than those named in the form of proxy to attend virtually and participate in the Meeting, MUST submit the form of proxy appointing such individual as proxyholder AND register such proxyholder online, as described below. Registering a proxyholder is an additional step to be completed AFTER a Shareholder has submitted its proxy. Failure to register the proxyholder will result in the proxyholder not receiving a username that is required to vote at the Meeting.

Step 1: Submit the form of proxy: To appoint someone other than the individuals named in the form of proxy as proxyholder, insert that person's name in the blank space provided in the form of proxy and follow the instructions for submitting such form of proxy. If you vote through the internet, you may also appoint another person to be your proxyholder at <https://vote.odysseytrust.com> and follow the instructions. This must be completed before registering such proxyholder, which is an additional step to be completed once the form of proxy has been submitted.

Step 2: Register the proxyholder: To register a third-party proxyholder, the Shareholder must register such proxyholder by sending an e-mail to appointee@odysseytrust.com (indicating the name of the proxyholder, their e-mail address, the number of Common Shares appointed and name of the registered Shareholder) at least 48 hours prior to the time of the Meeting or any adjournment(s) or postponement(s) thereof, so that Odyssey Trust Company may provide the proxyholder with a control number via e-mail. Without a control number, proxyholders will not be able to vote at the Meeting but will be able to participate as guests.

Unless otherwise stated, information provided in this Information Circular is given as of April 2, 2026.

Advice to Beneficial Holders of Common Shares

The information set forth in this section is of significant importance to you if you do not hold your Common Shares in your own name. Only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of such Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in your account statement provided by your broker, then in almost all cases those Common Shares will not be registered in your name on Headwater's records. Such Common Shares will likely be registered under the name of your broker or an agent of that broker. In Canada, the vast majority of shares are registered under the name of CDS & Co., the registration name for The Canadian Depository for Securities Limited ("CDS"), which acts as nominee for many Canadian brokerage firms. Common Shares held by your broker or their nominee can only be voted upon your instructions. Without specific instructions, your broker or their nominee is prohibited from voting your Common Shares. The Corporation does not know for whose benefit the Common Shares



registered in the name of CDS & Co. are held. The majority of shares held in the United States are registered in the name of Cede & Co., the nominee for The Depository Trust Company, which is the United States equivalent of CDS.

Applicable regulatory policy requires your broker to seek voting instructions from you in advance of the Meeting. Every broker has its own mailing procedures and provides its own return instructions, which you should carefully follow in order to ensure that your Common Shares are voted at the Meeting. Often, the form of proxy supplied by your broker is identical to the form of proxy provided to registered Shareholders. However, its purpose is limited to instructing the registered Shareholder how to vote on your behalf. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications, Canada, which mails a scannable voting instruction form in lieu of the form of proxy. You are asked to complete and return the voting instruction form to them by mail or facsimile. Alternatively, you can call their toll-free telephone number or access the internet to vote your Common Shares. They then tabulate the results of all instructions received and provide appropriate instructions respecting the voting of such Common Shares to be represented at the Meeting. If you receive a voting instruction form from Broadridge Investor Communications, Canada, it cannot be used as a proxy to vote Common Shares directly at the Meeting, as the proxy must be returned to them well in advance of the Meeting in order to have the Common Shares voted.

Although you may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of your broker, you may attend the Meeting (virtually) as a proxyholder for the registered holder and vote your Common Shares in that capacity. If you wish to attend the Meeting (virtually) and vote your Common Shares, you must do so as proxyholder for the registered holder. To do this, you should enter your own name in the blank space on the form of proxy or voting instruction form provided to you by your intermediary and return the document to your broker or the agent of such broker in accordance with the instructions provided by such broker well in advance of the Meeting. Please also see further instructions on accessing and voting at the virtual Meeting under the heading "*How to Participate at the Meeting*" below.

Registering the beneficial Shareholder or another individual as proxyholder is an additional step to be completed AFTER the beneficial Shareholder has submitted the voting instruction form to its intermediary. Failure to register the proxyholder will result in the proxyholder not receiving a username that is required to vote at the Meeting.

Step 1: Submit the Voting Instruction Form: To appoint the beneficial Shareholder or someone other than the individuals named in the voting instruction form as proxyholder, insert that person's name in the blank space provided in the voting instruction form and follow the instructions for submitting such voting instruction form. This must be completed before registering such proxyholder, which is an additional step to be completed once the voting instruction form has been submitted.

Step 2: Register the proxyholder: To register a third-party proxyholder, the beneficial Shareholder's intermediary must register such proxyholder by sending an e-mail to appointee@odysseytrust.com (indicating the name of the proxyholder, their e-mail address, the number of Common Shares appointed and name of the broker where the Common Shares are held) at least 48 hours prior to the time of the Meeting or any adjournment(s) or postponement(s) thereof, so that Odyssey Trust Company may provide the proxyholder with a control number via e-mail. **Without a control number, proxyholders will not be able to vote at the Meeting but will be able to participate as guests.**



How to Participate at the Meeting

This year, the Meeting is being held in a virtual, audio only, webcast format. Registered Shareholders and duly appointed proxyholders may only attend and participate in the Meeting virtually via live audio webcast, including asking questions during the question and answer session and voting online, provided they follow the instructions herein.

- Registered Shareholders and duly appointed proxyholders who participate by attending online will be able to listen to the proceedings of the Meeting, ask questions and vote during the specified times, provided they remain connected to the internet.
 - Beneficial Shareholders who wish to vote Common Shares online during the Meeting must follow the instructions above under "*Advice to Beneficial Holders of Common Shares*". Beneficial Shareholders who have not duly appointed themselves as proxyholders may still attend the Meeting virtually as guests, but will not be able to vote or ask questions.
 - Guests, including beneficial Shareholders who have not duly appointed themselves as proxyholder, will be able to login and listen to the proceedings of the Meeting but will not be able to vote or ask questions.
 - Attendees can login to the Meeting by following the instructions below:
 - Login online at <https://meetings.lumiconnect.com/400340067099>. The latest versions of Chrome, Safari, Microsoft Edge or Firefox will be needed. The Corporation recommends that attendees login at least 15 minutes before the Meeting starts. Attendees should allow ample time to login to the Meeting to check compatibility and complete the related procedures.
 - For registered Shareholders and duly appointed proxyholders, select "I have a login" and enter the control number and password. The password to the meeting is "headwater26" (case sensitive).
- OR
- Click "I am a guest" and then complete the required information to access the Meeting.

For registered Shareholders: The control number located on the form of proxy or in the e-mail notification delivered for the Meeting is the control number to login to the Meeting.

For duly appointed proxyholders: Odyssey Trust Company will provide the proxyholder with a control number by e-mail after the proxy voting deadline has passed provided that the proxyholder has been duly appointed and registered as described in this Information Circular.

To attend the Meeting, it is important to remain connected to the internet at all times in order to vote. It is your responsibility to ensure internet connectivity is maintained for the duration of the Meeting. If you lose connectivity once the Meeting has commenced, there may be insufficient time to resolve your issue before voting is completed. Therefore, even if your current plan is to access the Meeting and vote during the live webcast, you should consider voting your Common Shares in advance or by proxy so that your vote will be counted in the event you experience any technical difficulties or are otherwise unable to access the Meeting. Shareholders with questions regarding



the virtual Meeting portal or requiring assistance accessing the Meeting website may visit <https://support.lumiglobal.com/knowledge/virtual> for common troubleshooting or to speak to a virtual assistant.

Notice-and-Access

Headwater has elected to use the "notice-and-access" provisions under National Instrument 54-101 – *Communications with Beneficial Owners of Securities of a Reporting Issuer* (the "**Notice-and-Access Provisions**") for the Meeting in respect of mailings to beneficial Shareholders but not in respect of mailings to registered Shareholders. The Notice-and-Access Provisions are a set of rules developed by the Canadian Securities Administrators that reduce the volume of materials which are mailed to shareholders by allowing a reporting issuer to post an information circular in respect of a meeting of its shareholders and related materials online.

Headwater has also elected to use procedures known as 'stratification' in relation to the use of the Notice-and-Access Provisions. Stratification occurs when a reporting issuer using the Notice-and-Access Provisions provides a paper copy of an information circular and, if applicable, a paper copy of financial statements and related management's discussion and analysis ("**Financial Information**"), to some shareholders together with a notice of a meeting of its shareholders. In relation to the Meeting, registered Shareholders will receive a paper copy of the Notice of Annual Meeting, this Information Circular and a form of proxy whereas beneficial Shareholders will receive a notice containing information prescribed by the Notice-and-Access Provisions and a voting instruction form. Furthermore, a paper copy of the Financial Information in respect of Headwater's most recently completed financial year was mailed to all registered Shareholders and those beneficial Shareholders who previously requested to receive such information.

Revocability of Proxy

A Shareholder who has submitted a proxy may revoke it at any time prior to the exercise thereof. If a person who has given a proxy attends the Meeting virtually at which such proxy is to be voted, voting at the Meeting will revoke such person's previous proxy. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the Shareholder or the Shareholder's attorney authorized in writing deposited either at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting or any adjournment(s) thereof or in any other manner permitted by law, including pursuant to the provisions of the *Business Corporations Act* (Alberta) (the "**ABCA**").

Persons Making the Solicitation

The solicitation is made on behalf of management of the Corporation. The costs incurred in the preparation and mailing of the enclosed form of proxy, Notice of Annual Meeting and this Information Circular will be borne by the Corporation. In addition to solicitation by mail, proxies may be solicited by personal interviews, telephone or other means of communication and by directors, officers and employees of the Corporation, who will not be specifically remunerated therefore.

Exercise of Discretion by Proxy

The Common Shares represented by proxy in favour of management nominees shall be voted on each item of business at the Meeting and, where the Shareholder specifies a choice with respect to any matter to be acted



upon, the Common Shares shall be voted for or against/withheld from voting on each item of business in accordance with the specification so made.

In the absence of such specification, the Common Shares will be voted in favour of the matters to be acted upon. The persons appointed under the form of proxy furnished by the Corporation are conferred with discretionary authority with respect to amendments or variations of those matters specified in the enclosed form of proxy, the Notice of Annual Meeting and this Information Circular. At the time of printing this Information Circular, management of the Corporation knows of no such amendment, variation or other matter.

Voting Securities and Principal Holders Thereof

As at the Record Date, 237,762,877 Common Shares were issued and outstanding, with each Common Share carrying the right to one (1) vote on a ballot at the Meeting.

The Record Date as of which Shareholders are entitled to vote at the Meeting has been fixed by the Corporation as April 2, 2026.

Other than as noted below, to the knowledge of the directors and senior officers of the Corporation, as at the date hereof, no person or company beneficially owned, or controlled or directed, directly or indirectly, voting securities of the Corporation carrying more than 10% of the voting rights attached to any class of voting securities of the Corporation.

Name	Number of Common Shares	
	Beneficially Owned, or Controlled or Directed, Directly or Indirectly	Percentage of our Issued and Outstanding Common Shares ⁽²⁾
Canoe Financial LP ⁽¹⁾	22,030,620	9.3

(1) Based on a Form 62-103F3 – *Required Disclosure by an Eligible Institutional Investor* filed by Canoe Financial LP on SEDAR+ at www.sedarplus.ca on April 1, 2026.

(2) Based on the issued and outstanding Common Shares as of April 2, 2026.

Quorum for Meeting

At the Meeting, a quorum shall consist of two or more persons present and holding or representing by proxy not less than 25% of the outstanding Common Shares. If a quorum is not present at the opening of the Meeting, the Shareholders present may adjourn the Meeting to a fixed time and place but may not transact any other business.



BUSINESS OF THE MEETING

Recommendation of the Board of Directors

The Board of Directors of the Corporation (the "Board") unanimously recommends that the Shareholders vote FOR the election of each of the directors, appointment of auditors and the non-binding advisory resolution regarding Headwater's approach to executive compensation (as set forth in this Information Circular). Unless instructed otherwise, the person named on the proxy will vote FOR each of such matters to be acted upon at the Meeting.

Financial Statements and Auditors' Report

Pursuant to the ABCA, the Board will place before the Shareholders at the Meeting the audited financial statements of the Corporation for the year ended December 31, 2025 and the auditors' report thereon, which accompany this Information Circular. Shareholder approval is not required in relation to the audited financial statements.

Election of Directors

There are presently nine (9) Board members. As such, the Board has determined that the number of directors to be elected at the Meeting be fixed at nine (9) and Shareholders will be asked to elect nine (9) directors to hold office until the next annual meeting or until their successors are elected or appointed.

Unless otherwise directed, it is the intention of management to vote proxies in the accompanying form in favour of the election as directors of the nine (9) nominees hereinafter set forth:

Chandra Henry	Jason Jaskela	Stephen Larke	Karen Nielsen	Kevin Olson
David Pearce	Neil Roszell	Kam Sandhar	Cheree Stephenson	

The directors will be elected on an individual basis and the voting for or withhold on one director will be mutually exclusive to the voting for or withhold on any other director.

The term of office of each director nominee will be from the date of the Meeting until the next annual meeting of Shareholders or until his or her successor is elected or appointed. At the annual and special meeting of Shareholders held on May 8, 2025 (the "**2025 AGM**"), the resolution appointing the current Board members, with the exception of Karen Nielsen who was appointed to the Board July 23, 2025, was approved with Common Shares voted in favour of such directors ranging from 80.32% to 97.89%.

See "*Director Nominees*" for additional information on the nominees for election as directors at the Meeting.

Majority Voting for Directors

The Board has adopted a policy (the "**Majority Voting Policy**") stipulating that if the number of Common Shares voted in favour of the election of a particular director nominee at a Shareholders' meeting is less than the number of Common Shares withheld from voting for that nominee, the nominee will immediately submit his or her resignation to the Board, with the resignation to take effect when and if such resignation is accepted by the Board. The Corporate Governance and Compensation Committee ("**CG&C Committee**") will consider the director



nominee's offer to resign and will make a recommendation to the Board as to whether or not to accept the resignation. The CG&C Committee will be expected to recommend acceptance of the resignation, except in exceptional circumstances.

The Board will consider the CG&C Committee's recommendation and make a decision as to whether to accept the director's offer to resign within 90 days of the date of the meeting. The decision of the Board will be announced by way of a press release, which, if the Board has decided to reject such resignation, will include the reasons for rejecting the resignation. No director who is required to tender his or her resignation shall participate in the deliberations or recommendations of the CG&C Committee or the Board. The Board shall accept the resignation absent any exceptional circumstances.

If a director's offer of resignation is accepted, at the Board's discretion, it may fill the vacancy through the appointment of a new director whom the Board considers appropriate in accordance with the Corporation's by-laws and articles and applicable laws. The Majority Voting Policy does not apply in circumstances involving contested director elections.

A copy of the Majority Voting Policy is available on Headwater's website at www.headwaterexp.com.

Advance Notice By-law

The Corporation's by-laws contain advance notice provisions regarding advance notice of nominations of directors of the Corporation (the "**Advance Notice Provisions**"). The Advance Notice Provisions provide that advance notice to the Corporation must be made in circumstances where nominations of persons for election to the Board are made by Shareholders other than pursuant to: (i) a "proposal" made in accordance with the ABCA; or (ii) a requisition of a meeting made pursuant to the ABCA.

The Advance Notice Provisions fix a deadline by which Shareholders must submit director nominations to the Chief Financial Officer ("**CFO**") of the Corporation prior to any annual or special meeting of Shareholders and outlines the specific information that a nominating Shareholder must include in the written notice to the CFO of the Corporation for an effective nomination to occur. No person nominated by a Shareholder will be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of the Advance Notice Provisions.

In the case of an annual meeting of Shareholders, notice to the CFO of the Corporation must be made not less than 30 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement. In the case of a special meeting of Shareholders (which is not also an annual meeting), notice to the Corporation must be made not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made.

If Notice-and-Access Provisions are used for delivery of proxy-related materials in respect of a meeting described above and the notice date in respect of the meeting is not less than 50 days before the date of the applicable meeting, the notice must be received not later than the close of business on the 40th day before the date of the applicable meeting.



In the event of an adjournment or postponement of an annual meeting or special meeting of Shareholders or any announcement thereof, a new time period shall commence for the giving of timely notice.

The Board may, in its sole discretion, waive any requirement of the Advance Notice Provisions of the Corporation's by-laws.

Appointment of Auditors

Unless otherwise directed, it is management's intention to vote the proxies in favour of appointing the firm of KPMG LLP, Chartered Professional Accountants, of Calgary, Alberta ("**KPMG LLP**") to serve as auditors of the Corporation until the next annual meeting of the Shareholders and to authorize the directors to fix their remuneration as such. KPMG LLP has been the Corporation's auditors since March 25, 2020. At the 2025 AGM, the resolution appointing KPMG LLP as auditors of the Corporation was passed with 171,922,369 Common Shares voted in favour (99.95% of Common Shares voted at the 2025 AGM).

Fees paid to KPMG LLP, for audit and non-audit services in the last two fiscal years are outlined in the following table:

Nature of Services	Fees Paid for Period Ended December 31, 2025	Fees Paid for Period Ended December 31, 2024
Audit Fees ⁽¹⁾	\$315,315	\$346,038
Audit-Related Fees ⁽²⁾	\$nil	\$nil
Tax Fees ⁽³⁾	\$5,449	\$13,482
All Other Fees ⁽⁴⁾	\$22,470	\$22,470
Total	\$343,234	\$381,990

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Corporation's financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees charged solely for tax compliance. This category includes fees for tax compliance (\$5,449 2025/\$13,482 2024), tax planning (\$nil 2025/\$nil 2024) and tax advice (\$nil 2025/\$nil 2024). Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All Other Fees" include all other non-audit services.

For additional information relating to the fees paid to KPMG LLP for the two most recently completed financial years of the Corporation see the information set out under the heading "*Audit Committee Information*" in the Corporation's annual information form dated March 5, 2026 for the year ended December 31, 2025 (the "**2025 AIF**"), which is available on SEDAR+ at www.sedarplus.ca.



Advisory Vote on Executive Compensation

Headwater's approach to compensation for the executive officers over the last several years has had to adjust rapidly as a result of the significant growth and development of the business. The Corporation's average production has grown from 586 barrels of oil equivalent ("**BOE**") per day ("**BOE/d**") in the fourth quarter of 2019 to 24,259 BOE/d in the fourth quarter of 2025.

This rapid development in the Corporation's business has required the CG&C Committee and the Board to continue to evolve the compensation programs of the Corporation to ensure such programs are appropriate for the retention and attraction of highly motivated and capable management and staff in order to achieve the business objectives of the Corporation. Due to the significant evolution of the Corporation's compensation programs, at the annual meeting of Shareholders held in 2023 (the "**2023 AGM**") the Board implemented an annual say-on-pay advisory vote to give a formal opportunity for the Shareholders to provide their views on the elements of compensation and the levels of such compensation awarded to the executive officers of Headwater. At the 2023 AGM, the say-on-pay advisory vote was passed with 146,349,890 Common Shares voted in favour (98.6% of the Common Shares voted at the meeting). At the annual meeting of Shareholders held in 2024, the say-on-pay advisory vote was passed with 139,594,431 Common Shares voted in favour (98.55% of the Common Shares voted at the meeting). At the 2025 AGM, the say-on-pay advisory vote was passed with 157,201,608 Common Shares voted in favour (99.41% of the Common Shares voted at the meeting).

The say-on-pay advisory vote is a non-binding shareholder advisory vote. Shareholders are encouraged to carefully review the information set forth in the "Executive Compensation" section of this Information Circular before voting on this matter. In addition to providing feedback to our Board on Shareholders' views of executive compensation by voting on the say-on-pay advisory vote, we invite you to give direct feedback to our Board by mail at Suite 1400, 215-9th Ave SW, Calgary, Alberta, T2P 1K3, Attn: Board of Directors or by e-mail to boardofdirectors@headwaterexp.com.

At the Meeting, Shareholders will be asked to consider and, if thought advisable, to pass the following resolution, being the say-on-pay advisory vote:

"BE IT RESOLVED, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors of Headwater Exploration Inc. (the "**Corporation**"), that the shareholders of the Corporation accept the approach to executive compensation as disclosed in the "Executive Compensation" section of the Management Information Circular of the Corporation dated April 2, 2026."

DIRECTOR NOMINEES

The following profiles give information about each nominated director, including their background and experience, the period served as director, meeting attendance, security ownership (including Common Shares and deferred share units ("**DSUs**") owned) and other public company boards on which they serve.

Neil Roszell

Executive Chair
Director since: March 4, 2020
Alberta, Canada
Age: 58
Votes for at 2025 AGM: 148,358,241 (93.81%)

Key Skills and Experience

Executive Leadership
Strategic Planning/Business Development
Oil and Gas Operations

Since January 1, 2024, Mr. Roszell has been the Executive Chair of the Corporation. From March 4, 2020 until December 31, 2023, Mr. Roszell was the Chair and Chief Executive Officer ("**CEO**") of the Corporation. Prior thereto, Mr. Roszell was the Chair and CEO of 2143289 Alberta Ltd. (formerly Headwater Exploration Inc.) from December 2019 to March 4, 2020; prior thereto, Chair of Baytex Energy Corp. ("**Baytex**") from August 22, 2018 until December 2019; prior thereto, various roles with Raging River Exploration Inc. ("**Raging River**"), including Executive Chair and CEO and President and CEO from 2011 until August 2018. Prior thereto, Mr. Roszell was a founder and President and CEO of Wild Stream Exploration Inc. and Wild River Resources Ltd. Mr. Roszell received a Bachelor of Applied Science degree in Engineering from the University of Regina in 1991.

Board and committee membership and attendance since January 1, 2025

Board Member	8/8
Overall attendance	100%

Other public company boards

N/A

Common Shares and DSUs held⁽¹⁾

Common Shares	DSUs	Total Value ⁽²⁾	Total Annual Cash Retainer ⁽³⁾	Required Value of Share Ownership	Meets Share Ownership Guidelines ⁽⁴⁾
3,815,871	N/A	\$47,622,070	\$Nil	\$1,782,000	Yes



Jason Jaskela

President and Chief Executive Officer

Director since: March 4, 2020

Alberta, Canada

Age: 49

Votes for at 2025 AGM: 154,807,827 (97.89%)

Key Skills and Experience

Executive Leadership

Oil and Gas Operations

Strategic Planning/Business Development

President and CEO of the Corporation since January 1, 2024. Prior thereto, President and Chief Operating Officer ("COO") of the Corporation from March 4, 2020 until January 1, 2024; prior thereto, President and COO of 2143289 Alberta Ltd. (formerly Headwater Exploration Inc.) from December 2019 to March 4, 2020; prior thereto, Executive Vice President and COO of Baytex from August 2018 until September 2019; prior thereto, COO and Vice President, Production of Raging River from March 2012 until August 2018. Mr. Jaskela graduated with a Bachelor of Science degree in Engineering in 2000.

Board and committee membership and attendance since January 1, 2025

Other public company boards

Board Member	8/8
Overall attendance	100%

N/A

Common Shares and DSUs held⁽¹⁾

Common Shares	DSUs	Total Value ⁽²⁾	Total Annual Base Salary ⁽⁵⁾	Required Value of Share Ownership	Meets Share Ownership Guidelines ⁽⁴⁾
2,040,833	N/A	\$25,469,596	\$297,000	\$1,782,000	Yes

Chandra Henry

Director since: March 4, 2020
 Alberta, Canada
 Age: 50
 Votes for at 2025 AGM: 153,400,160 (97.00%)

Key Skills and Experience

Financial Literacy
 Enterprise Risk Management
 Human Resources

Chief Financial Officer and Chief Compliance Officer of Longbow Capital Inc. ("**Longbow**"), a private equity investment management company based in Calgary, Alberta that invests predominantly in the North American energy markets, since June 2019. Prior thereto, various senior finance positions including Chief Financial Officer of WestBlock Inc. from 2018 to 2019, Director of Finance for GMP Securities L.P. from 2016 to 2017 and Chief Financial Officer of FirstEnergy Capital Corp, from 2001 to 2016. Ms. Henry has a Bachelor of Commerce degree from the University of Calgary and has earned the Chartered Professional Accountant (CPA, CA), Chartered Financial Analyst (CFA) and Institute of Corporate Directors (ICD.D) designations. In addition, Ms. Henry is a Fundamentals of Sustainability Accounting (FSA) Credential Holder.

Board and committee membership and attendance since January 1, 2025

Other public company boards

Board Member	8/8	N/A
Chair – Audit Committee	5/5	
Member – CG&C Committee	5/5	
Overall attendance	100%	

Common Shares and DSUs held⁽¹⁾

Common Shares	DSUs	Total Value ⁽²⁾	Total Annual Cash Retainer ⁽⁶⁾⁽⁷⁾	Required Value of Share Ownership	Meets Share Ownership Guidelines ⁽⁴⁾
620,000	68,609	\$8,593,840	\$80,000	\$400,000	Yes

Stephen Larke

Director since: March 4, 2020
 Alberta, Canada
 Age: 54
 Votes for at 2025 AGM: 127,017,777 (80.32%)

Key Skills and Experience

Corporate Governance
 Sustainability
 Human Resources

Independent businessman since 2017. Prior thereto, an Operating Partner and Advisory Board member with Azimuth Capital Management Inc. ("**Azimuth**"), an energy-focused private equity fund, from 2015 to 2017; prior thereto, a Managing Director and Executive Committee member with Calgary-based Peters & Co. Limited, a private investment firm, from 2005 to 2015. Mr. Larke has a Bachelor of Commerce degree (Distinction) from the University of Calgary and has earned the Chartered Financial Analyst (CFA) and Institute of Corporate Directors (ICD.D) designations. In addition, Mr. Larke is a Fundamentals of Sustainability Accounting (FSA) Credential Holder.

Board and committee membership and attendance since January 1, 2025

Board Member	8/8
Chair – CG&C Committee	5/5
Member – ES&S Committee	5/5
Overall attendance	100%

Other public company boards

Topaz Energy Corp. (TSX)
 Vermilion Energy Inc. (TSX)

Common Shares and DSUs held⁽¹⁾

Common Shares	DSUs	Total Value ⁽²⁾	Total Annual Cash Retainer ⁽⁶⁾⁽⁸⁾	Required Value of Share Ownership	Meets Share Ownership Guidelines ⁽⁴⁾
822,669	56,359	\$10,970,269	\$80,000	\$400,000	Yes

Karen Nielsen

Director since: July 23, 2025
Alberta, Canada
Age: 58

Key Skills and Experience

Reserves
Oil and Gas Operations
Strategic Planning/Business Development

Ms. Nielsen is an independent businesswoman. From 2021 through 2025, Ms. Nielsen served in a variety of roles, culminating in the position of Executive Vice-President and Chief Commercial Officer, at ATCO EnPower, a subsidiary of ATCO Ltd. focused on sustainable energy solutions. Prior to that, Ms. Nielsen served as the Chief Development Officer of Seven Generations Energy Ltd., a TSX listed oil and gas company. Previously Ms. Nielsen served as the Lead Independent Director at Crew Energy Inc. Ms. Nielsen has a Bachelor of Engineering degree in Electrical and Electronics Engineering from the University of Saskatchewan and is a professional engineer with APEGA. In addition, Ms. Nielsen has earned the Institute of Corporate Directors (ICD.D) designation.

Board and committee membership and attendance since July 23, 2025 (date of appointment)

Other public company boards

Board Member	3/3	N/A
Member – ES&S Committee	2/2	
Member – Reserves Committee	1/1	
Overall attendance	100%	

Common Shares and DSUs held⁽¹⁾

Common Shares	DSUs	Total Value ⁽²⁾	Total Annual Cash Retainer ⁽⁶⁾	Required Value of Share Ownership	Meets Share Ownership Guidelines ⁽⁹⁾
Nil	19,314	\$241,039	\$65,000	\$325,000	N/A

Kevin Olson

Lead Independent Director
 Director since: March 4, 2020
 Alberta, Canada
 Age: 57
 Votes for at 2025 AGM: 148,972,565 (94.20%)

Key Skills and Experience

Financial Literacy
 Strategic Planning/Business Development
 Corporate Governance

Mr. Olson is an independent businessman. Prior thereto, President of Camber Capital Corp., a private equity fund, since March 2019 and President of Kyklopes Capital Management Ltd., a private equity fund, from 2011 to February 2019. Mr. Olson has over 25 years of industry experience. Mr. Olson has managed four early stage energy funds and served as a director of a variety of exploration and production companies and petroleum services companies. Formerly, Mr. Olson was Vice President, Corporate Finance at FirstEnergy Capital Corp. and Vice President, Corporate Development for Northrock Resources Ltd. Mr. Olson holds a Bachelor of Commerce degree (Distinction) majoring in finance and accounting from the University of Calgary.

Board and committee membership and attendance since January 1, 2025

Other public company boards

Lead Independent Director	8/8	N/A
Member – Audit Committee ⁽¹²⁾	2/2	
Chair – ES&S Committee ⁽¹²⁾	3/3	
Member – Reserves Committee	2/2	
Overall attendance	100%	

Common Shares and DSUs held⁽¹⁾

Common Shares	DSUs	Total Value ⁽²⁾	Total Annual Cash Retainer ⁽⁶⁾⁽¹⁰⁾⁽¹¹⁾	Required Value of Share Ownership	Meets Share Ownership Guidelines ⁽⁴⁾
2,920,179	93,939	\$37,616,193	\$100,000	\$500,000	Yes

David Pearce

Director since: March 4, 2020
 Alberta, Canada
 Age: 72
 Votes for at 2025 AGM: 152,517,442 (96.44%)

Key Skills and Experience

Health and Safety
 Reserves Evaluation
 Oil and Gas Operations

Currently Deputy Chairman, and has been a Deputy Managing Partner at Azimuth, an energy-focused private equity fund, since July 2014. Mr. Pearce was an Operating Partner with the Azimuth predecessor KERN Partners from November 2008 to July 2014. Mr. Pearce currently serves on the Board of Baytex (since 2018) and was formerly a director of Raging River from March 2012 to August 2018. He was with Northrock Resources Ltd. from June 1999 to January 2008 where he held several senior officer positions, including President and CEO. Prior thereto, Mr. Pearce worked in various management roles at Fletcher Challenge Canada, Amoco Canada and Dome Petroleum. Mr. Pearce holds a Bachelor of Science degree in Mechanical Engineering (Honors) from the University of Manitoba.

Board and committee membership and attendance since January 1, 2025

Board Member	8/8
Chair – Reserves Committee	2/2
Member – CG&C Committee	5/5
Overall attendance	100%

Other public company boards

Baytex Energy Corp. (TSX)

Common Shares and DSUs held⁽¹⁾

Common Shares	DSUs	Total Value ⁽²⁾	Total Annual Cash Retainer ⁽⁶⁾⁽¹³⁾	Required Value of Share Ownership	Meets Share Ownership Guidelines ⁽⁴⁾
650,000	85,469	\$9,178,653	\$75,000	\$375,000	Yes

Kam Sandhar

Director since: December 2, 2020
 Alberta, Canada
 Age: 49
 Votes for at 2025 AGM: 154,785,737 (97.88%)

Key Skills and Experience

Financial Literacy
 Strategic Planning/Business Development
 Oil and Gas Operations

Mr. Sandhar is currently the Executive Vice President and Chief Financial Officer of Cenovus Energy Inc. ("**Cenovus**"). Mr. Sandhar has over 20 years of experience in the oil and gas industry and has extensive expertise in capital markets, strategy, business development, finance and investor relations. Prior to his current role at Cenovus, Mr. Sandhar held a variety of other positions including Executive Vice President, Strategy and Corporate Development and Senior Vice President, Conventional. Prior to joining Cenovus in 2013, Mr. Sandhar spent 9 years at Peters & Co. Limited where he served as a Principal and oil and gas analyst, covering a wide array of Canadian, U.S. and international oil and gas companies. Mr. Sandhar is a Chartered Professional Accountant and a member of the Chartered Professional Accountants of Alberta. He holds a Bachelor of Commerce degree from the University of Calgary.

Board and committee membership and attendance since January 1, 2025

Other public company boards

Board Member	8/8
Member – Audit Committee	5/5
Member – Reserves Committee ⁽¹⁴⁾	1/1
Overall attendance	100%

N/A

Common Shares and DSUs held⁽¹⁾

Common Shares	DSUs	Total Value ⁽²⁾	Total Annual Cash Retainer ⁽⁶⁾	Required Value of Share Ownership	Meets Share Ownership Guidelines ⁽⁴⁾
77,404	89,699	\$2,085,445	\$65,000	\$325,000	Yes

Cheree Stephenson

Director since: May 8, 2025
Alberta, Canada
Age: 45

Key Skills and Experience

Executive Leadership
Financial Literacy
Corporate Governance

Ms. Stephenson is the Vice President, Finance and Chief Financial Officer of Topaz Energy Corp. ("**Topaz**"), a role she commenced in 2020 during Topaz's formation and transition to a public royalty and infrastructure energy company. Ms. Stephenson's previous experience includes the Vice President, Finance and Chief Financial Officer of a public exploration and production company, Petrus Resources Ltd., and prior thereto, the Controller of Peyto Exploration & Development Corp., after commencing her career at Ernst & Young LLP. Ms. Stephenson has over 20 years of experience in the oil and gas industry including 15 years of executive level experience focused on corporate finance and development, financial reporting, stakeholder engagement and communication, risk management and corporate governance. Ms. Stephenson is a Chartered Professional Accountant (CPA, CA) and holds a Bachelor of Commerce degree from the Haskayne School of Business at the University of Calgary.

Board and committee membership and attendance since June 2, 2025 (date of election)

Other public company boards

Board Member	4/4
Member – Audit Committee ⁽¹⁶⁾	3/3
Member – ES&S Committee ⁽¹⁶⁾	3/3
Overall attendance	100%

N/A

Common Shares and DSUs held⁽¹⁾

Common Shares	DSUs	Total Value ⁽²⁾	Total Annual Cash Retainer ⁽⁶⁾	Required Value of Share Ownership	Meets Share Ownership Guidelines ⁽¹⁵⁾
17,195	25,489	\$532,696	\$65,000	\$325,000	N/A

- (1) The information as to securities of the Corporation beneficially owned, directly or indirectly, is based upon information furnished to Headwater by the nominees and is as of April 2, 2026.
- (2) Total value is based on the number of Common Shares and DSUs held by each nominee multiplied by the closing price of the Common Shares on the Toronto Stock Exchange (the "TSX") of \$12.48 on April 2, 2026.
- (3) Effective January 1, 2024, Mr. Roszell no longer receives a base salary or any base retainer.
- (4) Pursuant to the Corporation's share ownership guidelines (the "**Share Ownership Guidelines**"), non-executive directors are required to hold Common Shares and DSUs of the Corporation with a value of not less than five times the annual cash retainer paid to each such director. Pursuant to the Share Ownership Guidelines, the Executive Chair is required to hold Common Shares with a value of not less than six times the annual base salary paid to the CEO. Pursuant to the Share Ownership Guidelines, the CEO is required to hold Common Shares with a value of not less than six times the annual base salary paid to the CEO. The Share Ownership Guidelines value the Common Shares as at December 31, 2025 whereas the above table shows the value of the Common Shares as at April 2, 2026. See "*Director Nominees – Director Share Ownership Guidelines*" and "*Executive Compensation – Compensation Discussion and Analysis – Compensation Risk Mitigation – Officer Share Ownership Guidelines*" for more information.
- (5) Annual base salary for Jason Jaskela effective January 1, 2026.
- (6) An annual cash retainer in the amount of \$65,000 is payable to each non-executive director of the Corporation.
- (7) Ms. Henry receives an additional annual cash retainer in the amount of \$15,000 in respect of her position as Chair of the Audit Committee.
- (8) Mr. Larke receives an additional annual cash retainer in the amount of \$15,000 in respect of his position as Chair of the CG&C Committee.
- (9) Ms. Nielsen was appointed to the Board on July 23, 2025 and has three years from the date of her appointment to the Board to achieve the required share ownership under the Share Ownership Guidelines for non-executive directors.
- (10) Mr. Olson receives an additional annual cash retainer in the amount of \$25,000 in respect of his position as Lead Independent Director.
- (11) Mr. Olson receives an additional annual cash retainer in the amount of \$10,000 in respect of his position as Chair of the ES&S Committee (as defined below).
- (12) Mr. Olson stepped down from the Audit Committee and joined the ES&S Committee and Reserves Committee on June 2, 2025. As such, the meeting attendance record for Mr. Olson with respect to: (i) the Audit Committee covers the period from January 1, 2025 to June 2, 2025; and (ii) the ES&S Committee and Reserves Committee covers the period from June 2, 2025 to the date of this Information Circular.
- (13) Mr. Pearce receives an additional annual cash retainer in the amount of \$10,000 in respect of his position as Chair of the Reserves Committee.
- (14) Mr. Sandhar joined the Reserves Committee on June 2, 2025. As such the meeting attendance record for Mr. Sandhar with respect to the Reserves Committee covers the period from June 2, 2025 to the date of this Information Circular.
- (15) Ms. Stephenson was elected to the Board at the 2025 AGM held on May 8, 2025 and has three years from the date of her election to the Board to achieve the required share ownership under the Share Ownership Guidelines for non-executive directors.
- (16) Ms. Stephenson joined the Audit Committee and ES&S Committee on June 2, 2025. As such, the meeting attendance records for Ms. Stephenson with respect to the Audit Committee and the ES&S Committee cover the period from June 2, 2025 to the date of this Information Circular.

Director Share Ownership Guidelines

Pursuant to the Share Ownership Guidelines for non-executive directors, non-executive directors are required to hold Common Shares and DSUs with a value of not less than five times the annual cash retainer paid to each such director. The value of the Common Shares will be based on the closing price of the Common Shares as at December 31 in the year prior to such determination. The value of the DSUs will be based on the number of Common Shares underlying such DSUs multiplied by the closing price of the Common Shares as at December 31 in the year prior to such determination. Any new directors will be required to achieve this level within three years of their election or appointment to the Board. Any director that does not meet the guidelines will be required to receive DSUs in lieu of any cash retainers until such director has met these guidelines. As Messrs. Roszell and Jaskela are also officers of the Corporation they are subject to the Share Ownership Guidelines applicable to the executive officers of the Corporation and not the Share Ownership Guidelines for non-executive directors.

The following table sets out the value of the equity holdings of each of the individuals who have been nominated for election as non-executive directors at the Meeting based on the closing price of the Common Shares on the TSX on the last trading day of 2025, which was December 31, 2025, being \$9.37 per Common Share:

Name	Common Shares held (#)	Value of Common Shares ⁽¹⁾ (\$)	DSUs ⁽²⁾ (#)	Value of DSUs ⁽¹⁾ (\$)	Total Value of Common Shares and DSUs Owned ⁽¹⁾ (\$)	Total Value of Share Ownership Required ⁽³⁾ (\$)	Meets Share Ownership Requirements ⁽⁴⁾
Chandra Henry	620,000	5,809,400	58,780	550,769	6,360,169	400,000	Yes
Stephen Larke	822,669	7,708,409	46,530	435,986	8,144,395	400,000	Yes
Karen Nielsen	Nil	Nil	8,235	77,162	77,162	325,000	N/A ⁽⁵⁾
Kevin Olson	3,170,179	29,704,577	80,307	752,477	30,457,054	500,000	Yes
David Pearce	906,956	8,498,178	75,640	708,747	9,206,925	375,000	Yes
Kam Sandhar	77,404	725,275	78,620	736,669	1,461,944	325,000	Yes
Cheree Stephenson	17,195	161,117	14,410	135,022	296,139	325,000	N/A ⁽⁶⁾

- (1) Common Shares and DSUs held as of December 31, 2025. Value has been determined by multiplying the number of Common Shares and the number of Common Shares underlying DSUs, as applicable, by the closing price of the Common Shares on the TSX on December 31, 2025 of \$9.37.
- (2) All DSUs vest immediately upon grant but cannot be redeemed until the director ceases to be a director of the Corporation.
- (3) Non-executive directors are required to hold Common Shares and DSUs with a value of not less than five times the annual cash retainer paid to each such director. Cash retainers effective January 1, 2026.
- (4) Directors have three years from their appointment to meet the targets established by the Share Ownership Guidelines.
- (5) Ms. Nielsen was appointed as a director on July 23, 2025 and therefore will have until July 23, 2028 to meet the targets established by the Share Ownership Guidelines.
- (6) Ms. Stephenson was elected as a director on May 8, 2025 and therefore will have until May 8, 2028 to meet the targets established by the Share Ownership Guidelines.

Director Vote Results at 2025 AGM

The following table sets out the votes "for" and "withheld" received for each director at the 2025 AGM:

Name	Votes For (#)	Votes For (%)	Votes Withheld (#)	Votes Withheld (%)
Neil Roszell	148,358,241	93.81	9,782,618	6.19
Jason Jaskela	154,807,827	97.89	3,333,032	2.11
Chandra Henry	153,400,160	97.00	4,740,699	3.00
Stephen Larke	127,017,777	80.32	31,123,082	19.68
Kevin Olson	148,972,565	94.20	9,168,294	5.80
David Pearce	152,517,442	96.44	5,623,417	3.56
Kam Sandhar	154,785,737	97.88	3,355,122	2.12
Cheree Stephenson	154,806,116	97.89	3,334,743	2.11

Corporate Cease Trade Orders or Bankruptcies

Except as set out below, no proposed director is as at the date hereof, or has been, within 10 years of the date hereof, a director or chief executive officer or chief financial officer (or any executive officer, for the purpose of subsection (iii) below) of any company, including the Corporation, that: (i) while that person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days (an "**order**"); (ii) after that person ceased to act in that capacity, was the subject of an order that resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer; or (iii) is



or has, within 10 years before the date of this Information Circular become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets, while that person was acting in that capacity.

On December 8, 2021, Kaisen Energy Corp. ("**Kaisen**"), of which David Pearce was a director, sought and obtained protection under the *Companies' Creditors Arrangement Act* ("**CCAA**") and obtained protection from its creditors. Pursuant to the CCAA proceedings, Kaisen implemented a plan of compromise and arrangement and the CCAA proceedings were completed on March 16, 2022.

No proposed director has, within the ten (10) years prior to the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceeding, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Penalties or Sanctions

No proposed director has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

DIRECTORS' COMPENSATION

Discussion of Director Compensation

In 2025 the elements of compensation for non-executive directors included an annual cash retainer and an annual grant of DSUs. In December 2025, the CG&C Committee recommended and the Board approved the annual cash retainers to be paid and the DSUs to be awarded to the non-executive directors in 2026, which were substantially unchanged from 2025 (other than as noted below). The following table shows the annual cash retainers and the value of the annual grant of DSUs to the non-executive directors for both 2025 and 2026.

Type of Compensation	2025 Amount (\$)	2026 Amount (\$)
Annual cash retainer for each non-executive director	55,000	65,000
Additional cash retainer for Lead Independent Director	25,000	25,000
Additional cash retainer for Audit Committee Chair	15,000	15,000
Additional cash retainer for CG&C Committee Chair	15,000	15,000
Additional cash retainer for ES&S Committee Chair	10,000	10,000
Additional cash retainer for Reserves Committee Chair	10,000	10,000
Value of annual grant of DSUs for each non-executive director (other than Lead Independent Director and the Chair of the Audit Committee)	90,000	105,000
Value of annual grant of DSUs for Lead Independent Director	115,000	125,000
Value of annual grant of DSUs for Chair of Audit Committee	95,000	105,000

Directors' Summary Compensation Table

The following table sets forth, for the year ended December 31, 2025, information concerning the compensation paid to the Corporation's directors during the year ended December 31, 2025, other than directors who were also Named Executive Officers (as defined below).

Name	Salary/Fees earned (\$)	Share-based awards ⁽¹⁾ (\$)	Option-based awards (\$)	Non-equity incentive plan compensation plans (\$)	All other compensation (\$)	Total compensation (\$)
Chandra Henry	70,000	95,000	Nil	Nil	Nil	165,000
Stephen Larke	70,000	90,000	Nil	Nil	Nil	160,000
Karen Nielsen ⁽²⁾⁽³⁾	24,261	39,699	Nil	Nil	Nil	63,960
Kevin Olson ⁽²⁾⁽⁵⁾	85,808	115,000	Nil	Nil	Nil	200,808
David Pearce	65,000	90,000	Nil	Nil	Nil	155,000
Kam Sandhar ⁽²⁾	55,000	90,000	Nil	Nil	Nil	145,000
Cheree Stephenson ⁽²⁾⁽⁴⁾	35,712	58,438	Nil	Nil	Nil	94,150

- (1) The compensation reported under share-based awards is the value of DSUs granted in the year ended December 31, 2025. The value of DSUs is based on the number of DSUs granted multiplied by the volume weighted average trading price of the Common Shares on the TSX for the five trading days immediately prior to the date of the grant. This methodology for calculating the fair value of the DSUs on the grant date is consistent with the initial fair value determined in accordance with IFRS 2.
- (2) Mr. Olson, and Mr. Sandhar elected to receive their fees earned in 2025 as DSUs. In 2025, Ms. Stephenson and Ms. Nielsen were required to receive fees earned as DSUs as neither had met the Share Ownership Guidelines.
- (3) Ms. Nielsen was elected to the Board on July 23, 2025 and her compensation was pro-rated for the portion of the year she served as a director.



- (4) Ms. Stephenson was elected to the Board on May 8, 2025 and her compensation was pro-rated for the portion of the year she served as a director.
- (5) Mr. Olson was appointed as Chair of the ES&S Committee on June 2, 2025 and the additional cash retainer for the ES&S Chair has been pro-rated for the portion of the year he served as ES&S Chair.

Directors' Incentive Plans

Deferred Share Unit Plan

On March 10, 2022, the Board approved the DSU plan (the "**DSU Plan**"), which provides for the grant of DSUs to non-executive directors. As further described below, the DSU Plan provides that a non-executive director will have the right to receive a cash payment based on the value of the Common Shares underlying the DSUs (after adjustment for dividends paid while such DSUs were outstanding) held by such director following the date the director ceases to be a director. In addition to providing for the grant of DSUs to non-executive directors, non-executive directors also have the option to elect to receive DSUs in lieu of receiving their annual cash retainers. The DSU Plan is not a security-based compensation plan as all DSUs will be settled in cash.

The purpose of the DSU Plan is to (i) promote a proprietary interest in the Corporation and a greater alignment between directors of the Corporation and Shareholders, (ii) provide a compensation system for directors that is reflective of the responsibilities, commitments and risks accompanying the role of a director, and (iii) to assist the Corporation in attracting experienced individuals to serve as directors of the Corporation. The Board has the authority to amend or terminate the DSU Plan at any time, in whole or in part, subject to certain exceptions. The DSUs granted thereunder are not transferable or assignable.

Upon the Board granting DSUs, the DSUs will be fully vested but a director will not be entitled to payment for the DSUs until the director ceases to be a director of Headwater. The directors may also elect to receive all of their annual cash compensation in the form of DSUs provided that such election must be made on December 1st of the preceding calendar year (or within certain prescribed time frame if an individual becomes a director after the commencement of a calendar year) and after such date the election will be irrevocable for such year. When and if dividends are paid on the Common Shares, the number of Common Shares notionally represented by the DSU shall be adjusted based on a formula set out in the DSU Plan.

Pursuant to the terms of the DSU Plan, a director will have the right to receive a cash payment or, at the election of the Board and provided all necessary approvals have been obtained (including TSX and Shareholder approvals), Common Shares, in respect of the DSUs held at the date the director ceases to be a director of the Corporation (after adjustment for dividends paid while such DSUs were outstanding). The director will receive the payment in respect of his or her DSUs no later than December 1 (the "**Maturity Date**") of the calendar year following the calendar year in which he or she ceases to be a director of the Corporation, unless the director elects to receive such payment prior to such date (provided that the director may not elect to receive payment prior to the date the director ceased to be a director). The cash payment to be received will be equal to the number of DSUs held by the director on the date the director ceased to be a director of the Corporation, after giving effect to adjustments for dividends, multiplied by the volume weighted average trading price of the Common Shares on the TSX for the five trading days immediately prior to the Maturity Date, net of any applicable withholdings.

In the event of death of a non-executive director or in the event of death after such director has ceased to be a member of the Board but before the Maturity Date, the Corporation shall within 90 days from the date of such



director's death, redeem all DSUs held by such director, after giving effect to adjustments for dividends, for a cash payment equal to the number of DSUs held by the director as of the date of death multiplied by the volume weighted average trading price of the Common Shares on the TSX for the five trading days immediately prior to the date of death, net of any applicable withholdings. Where the Corporation elects to make a payment on redemption of DSUs in Common Shares, the Corporation shall either: (i) issue to the director the number of Common Shares from treasury equal to the number of DSUs held by the director on the date the director ceased to be a director after giving effect to adjustments for dividends, provided the Corporation has received TSX and Shareholder approval for such issuance; or (ii) purchase such number of Common Shares on the TSX equal to the number of DSUs held by the director on the date the director ceased to be a director after giving effect to adjustments for dividends and deliver such Common Shares to the director's estate.

If the Corporation completes a transaction or a series of transactions whereby the Corporation, substantially all of the Common Shares or substantially all of the Corporation's property or assets become the property or assets of another person (the "**Continuing Entity**") the Corporation and the Continuing Entity shall take all necessary steps prior to or contemporaneously with the consummation of such transactions to ensure all DSUs remain outstanding following the completion of the transactions and the Continuing Entity will assume all covenants and obligations of the Corporation under the DSU Plan and all outstanding DSUs in a manner that preserves and does not impair the rights of the recipients in any material respect, and the Continuing Entity may exercise every right and power of the Corporation under the DSU Plan, and Headwater shall be relieved of its obligations thereunder.

Pursuant to the terms of the DSU Plan, the Board may, at any time, without the approval of the Shareholders suspend, discontinue or amend the DSU Plan or DSUs granted thereunder provided that unless a holder of DSUs otherwise agrees, the Board may not suspend, discontinue or amend the DSU Plan or amend any outstanding DSUs in a manner that would adversely alter or impair any DSUs previously granted to such holder.

Directors' Outstanding Option-Based Awards and Share-Based Awards

The following table sets forth, for each of the Corporation's directors, other than directors who were also Named Executive Officers, information regarding all option-based and share-based awards held by each director as at December 31, 2025.



Name	Option-based Awards				Share-based Awards		
	Common Shares underlying unexercised Options (#)	Exercise prices of Options (\$)	Option expiration dates	Value of unexercised in-the-money Options (\$)	Number of DSUs that have not vested ⁽¹⁾ (#)	Market or payout value of DSUs that have not vested ⁽¹⁾ (\$)	Market or payout value of vested DSUs not paid out or distributed ⁽¹⁾⁽²⁾ (3) (\$)
Chandra Henry	Nil	Nil	N/A	Nil	Nil	Nil	635,736
Stephen Larke	Nil	Nil	N/A	Nil	Nil	Nil	498,212
Karen Nielsen	Nil	Nil	N/A	Nil	Nil	Nil	78,980
Kevin Olson	Nil	Nil	N/A	Nil	Nil	Nil	842,363
David Pearce	Nil	Nil	N/A	Nil	Nil	Nil	815,003
Kam Sandhar	Nil	Nil	N/A	Nil	Nil	Nil	839,037
Cheree Stephenson	Nil	Nil	N/A	Nil	Nil	Nil	140,081

- (1) All DSUs vest immediately upon the grant of such DSUs but cannot be redeemed until the director holding such DSUs ceases to be a director of the Corporation.
- (2) In accordance with the DSU Plan, DSUs do not entitle holders thereof to any Common Shares upon redemption, but rather cash payment.
- (3) The value of DSUs was calculated using the closing market price of the Common Shares on the TSX on December 31, 2025 of \$9.37 adjusting for dividends paid.

Directors' Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth, for each of the Corporation's directors, other than directors who are also Named Executive Officers, the value of option-based awards and share-based awards which vested during the year ended December 31, 2025.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year⁽¹⁾⁽²⁾⁽³⁾ (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Chandra Henry	Nil	95,000	Nil
Stephen Larke	Nil	90,000	Nil
Kevin Olson	Nil	200,808	Nil
Karen Nielsen	Nil	63,960	Nil
David Pearce	Nil	90,000	Nil
Kam Sandhar	Nil	145,000	Nil
Cheree Stephenson	Nil	94,150	Nil

- (1) All DSUs vest immediately upon the grant of such DSUs but cannot be redeemed until the director holding such DSUs ceases to be a director of the Corporation.
- (2) Calculated based on the number of DSUs granted multiplied by the volume weighted average trading price of the Common Shares on the TSX for the five trading days immediately prior to such date of grant of such DSUs.
- (3) Includes the value of DSUs received by directors in lieu of cash fees.

CORPORATE GOVERNANCE

National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**") requires that if management of an issuer solicits proxies from its securityholders for the purpose of electing directors that certain prescribed disclosure respecting corporate governance matters be included in its management information circular. The following information outlines our corporate governance practices within the context of NI 58-101. Information relating to our Audit Committee as required by National Instrument 52-110 – *Audit Committees* can be found in the 2025 AIF on our SEDAR+ profile (www.sedarplus.ca).

Board of Directors

Under NI 58-101, an independent director is a director who has no material relationship with Headwater which could, in the view of the Board, be reasonably expected to interfere with the exercise of such director's independent judgement. The Board, on the recommendation of the CG&C Committee, has determined that seven (7) of the nine (9) proposed nominees (78%) are independent for purposes of NI 58-101.

The seven (7) proposed independent directors are: Kevin Olson (Lead Independent Director), Chandra Henry, Stephen Larke, Karen Nielsen, David Pearce, Kam Sandhar and Cheree Stephenson.

Neil Roszell and Jason Jaskela are not independent as they are the Executive Chair and President and CEO, respectively.

Board Mandate

The Mandate of the Board is attached to this circular as Schedule B.

Lead Independent Director

The Board does not have an independent Chair; however, Kevin Olson, an independent director, serves as Lead Independent Director. The Lead Independent Director's primary role is to act as liaison between management of the Corporation and the independent directors of the Corporation to ensure the Board is organized properly, functions effectively and meets its obligations and responsibilities, including those matters set forth in the mandate of the Board. In addition, the Lead Independent Director has the following responsibilities: (A) to chair the "in-camera" portions of Board meetings held without management being present; (B) endeavour to ensure that Board leadership responsibilities are conducted in a manner that will allow it to function independently of management; (C) liaise with directors, officers, employees, shareholders and other stakeholders of the Corporation to address any areas of concerns raised by such stakeholders; (D) provide input, as determined appropriate by the Lead Independent Director, on preparation of agendas for meetings of the Board; (E) meet periodically with each director to obtain insight as to where they believe the Board and its committees could be operating more effectively; (F) ensure that reasonable procedures are in place for directors to engage outside advisors at Headwater's expense in appropriate circumstances; and (G) perform such other duties and responsibilities as may be delegated to the Lead Independent Director by the Board from time to time. In addition, the Lead Independent Director will have the right to convene meetings of the Board and approve any meeting materials for such meetings.



Effective immediately following the Meeting, Kevin Olson intends to step down as Lead Independent Director and the Board has determined that Stephen Larke will be appointed Lead Independent Director.

Meetings of Independent Directors

At the end of or during each meeting of the Board or any committee of the Board, the independent directors are given the opportunity to meet in-camera without the members of management (including the Executive Chair and the President and CEO) of the Corporation present. In addition, other meetings of the independent directors may be held from time to time, if required. Since the beginning of the Corporation's most recently completed financial year, eight (8) in-camera sessions were held with all independent members of the Board present without members of management (including the Executive Chair and the President and CEO) of the Corporation present.

Attendance

The following is the attendance record of each director for all Board meetings and meetings of our standing committees held since January 1, 2025.

	Board	Audit	CG&C	ES&S	Reserves	Total	Attendance Rating %
Neil Roszell	8/8	-	-	-	-	8/8	100
Jason Jaskela	8/8	-	-	-	-	8/8	100
Devery Corbin ⁽¹⁾	3/4	-	-	1/2	-	4/6	67
Elena Dumitrascu ⁽¹⁾	4/4	-	-	2/2	-	6/6	100
Phillip Knoll ⁽¹⁾	3/4	-	-	2/2	1/1	6/7	86
Chandra Henry	8/8	5/5	5/5	-	-	18/18	100
Stephen Larke	8/8	-	5/5	5/5	-	18/18	100
Karen Nielsen ⁽²⁾	3/3	-	-	2/2	1/1	6/6	100
Kevin Olson ⁽³⁾	8/8	2/2	-	3/3	2/2	15/15	100
David Pearce	8/8	-	5/5	-	2/2	15/15	100
Kam Sandhar ⁽⁴⁾	8/8	5/5	-	-	1/1	14/14	100
Cheree Stephenson ⁽⁵⁾	4/4	3/3	-	3/3	-	10/10	100

- (1) Ms. Dumitrascu, Ms. Corbin and Mr. Knoll did not stand for re-election at the 2025 AGM. As such, the meeting attendance records for each of such individuals cover the period from January 1, 2025 to May 8, 2025.
- (2) Ms. Nielsen was appointed as a director of the Corporation and joined the ES&S Committee and Reserves Committee effective July 23, 2025. As such, the meeting attendance records for Ms. Nielsen cover the period from July 23, 2025 to the date of this Information Circular.
- (3) Mr. Olson stepped down from the Audit Committee and joined the ES&S Committee on June 2, 2025. As such, the meeting attendance record for Mr. Olson with respect to: (i) the Audit Committee covers the period from January 1, 2025 to June 2, 2025; and (ii) the ES&S Committee covers the period from June 2, 2025 to the date of this Information Circular.
- (4) Mr. Sandhar joined the Reserves Committee on June 2, 2025. As such the meeting attendance record for Mr. Sandhar with respect to the Reserves Committee covers the period from June 2, 2025 to the date of this Information Circular.
- (5) Ms. Stephenson was elected as a director of the Corporation effective May 8, 2025 and joined the Audit Committee and ES&S Committee on June 2, 2025. As such, the meeting attendance records for Ms. Stephenson with respect to: (i) the Board covers the period from May 8, 2025 to the date of this Information Circular; and (ii) the Audit Committee and the ES&S Committee cover the period from June 2, 2025 to the date of this Information Circular.

Position Descriptions

The Board has developed written position descriptions for our Executive Chair, our President and CEO, our Lead Independent Director and for the Chairs of each of the committees of the Board. The position descriptions are available under Corporate Responsibility/Corporate Governance on our website at www.headwaterexp.com.



Orientation and Continuing Education

While the Board does not currently have a formal orientation and educational program for new recruits to the Board, such orientation and education is provided on an informal basis for any new appointees. Headwater's management team will provide new members of the Board with corporate policies, historical information about Headwater and information on our performance and strategic plan. In addition, new members of the Board will be provided with an outline of the general duties and responsibilities entailed in carrying out their duties. The Board believes that these procedures are and will prove to be a practical and effective approach in light of our particular circumstances, including the size of the Corporation, the limited turnover of our directors and the experience and expertise of the members of the Board.

Headwater's management team also provides directors with regular opportunities to increase their knowledge and understanding of our business. Pre-meeting reading materials are provided in quarterly Board packages sent to directors in advance of regularly scheduled Board meetings. Briefings on strategic issues are conducted at most Board meetings and typically include reviews of the competitive environment the Corporation operates in and the Corporation's performance relative to its peers. From time to time, Headwater's management team brings in industry experts to brief our directors on activity and trends in the oil and gas sector, including mergers and acquisitions, financings, market activity, regulatory matters, cyber security, artificial intelligence and insurance coverage and risks to assist the Board in making strategic decisions and assessing risks facing the Corporation. Information on any other developments that could materially affect the business is provided as developments occur. In addition, the Board is briefed regularly on governance developments and emerging best practices in governance.

All of the directors of the Corporation regularly engage in a variety of continuing education activities, including industry conferences and seminars. In 2025 directors participated in a wide variety of education activities and independent study on a broad range of topics. Three directors, namely Ms. Henry, Ms. Nielsen and Mr. Larke have completed the ICD Directors Education Program and each holds the ICD.D designation. In addition to external educational activities, the Chair of the Board works with the Board and senior management to raise continuing education topics for discussion. The following table lists education topics provided by Headwater to its directors in 2025.

Educational Topic	Date	Presenter	Attendees
Artificial Intelligence in the Oil and Gas Industry	July 23, 2025	Marvin Wong, VP Business Intelligence, Technology & Security at SECURE	All directors
Greenwashing Legislation	July 23, 2025	Burnet, Duckworth & Palmer LLP	All directors

Ethical Business Conduct

The Board has adopted a Code of Business Conduct and Ethics (the "**Code**") applicable to our directors, officers and employees. A copy of the Code is available for review on our SEDAR+ profile (www.sedarplus.ca). All employees and consultants are provided with a copy of the Code on commencement of service and are required to confirm in writing that they have read and understand the Code and acknowledge his or her agreement to abide by the Code. Annual reminders that compliance with the Code is required are provided. Under the Code, activities that could give rise to conflicts of interest are prohibited unless specifically approved in advance by the Board. In addition, under the Code, employees, officers and directors are prohibited from taking for themselves



personally opportunities that arise through the use of corporate property, information or position and from using corporate property, information or position for personal gain.

There have been no material change reports filed since the beginning of our most recently completed financial year that pertains to any conduct of a director or executive officer of the Corporation that constitutes a departure from the Code.

The Board has also adopted a Human Rights Policy. The Human Rights Policy is intended to ensure that all of Headwater's employees and third parties are treated fairly and without discrimination, harassment or abuse. In addition, the Human Rights Policy emphasizes Headwater's strong commitment to ensuring that the Corporation does not participate in or otherwise allow any forced labour or child labour to occur in any way related to its business and operations.

In accordance with the ABCA, directors who are a party to, or are a director or an officer of a person which is a party to, a material contract or material transaction or a proposed material contract or proposed material transaction with the Corporation are required to disclose the nature and extent of their interest and not to vote on any resolution to approve such contract or transaction. In addition, in certain cases, an independent committee of the Board may be formed to deliberate on such matters in the absence of the interested party.

In addition to the Code and Human Rights Policy, the Board has also adopted a "Whistleblower Policy" wherein our employees are provided with the mechanics by which they may raise concerns in a confidential, anonymous process. The Chair of our Audit Committee provides the Board with a report at every regularly scheduled Board meeting detailing the nature of any concerns raised through the hotline.

Nomination of Directors

The CG&C Committee, which is responsible for nominating directors, is comprised entirely of independent directors. The members of the CG&C Committee are Stephen Larke (Chair), Chandra Henry and David Pearce, each of which have been determined to be independent.

Pursuant to its mandate, the CG&C Committee, in conjunction with the Chair of the Board, is responsible for recommending suitable candidates as nominees for election or appointment as director of the Corporation, and, in consultation with the Board, in recommending the criteria governing the overall composition of the Board and governing the desirable characteristics for directors. In making such recommendations, the CG&C Committee, in consultation with the Board, is to consider: (i) the competence and skills that the Board considers to be necessary for the Board, as a whole, to possess; (ii) the competence and skills that the Board considers each existing director to possess; (iii) the competencies and skills that each new nominee will bring to the Board; and (iv) whether or not each new nominee can devote sufficient time and resources to his or her duties as a member of the Board. In addition, the CG&C Committee also considers the diversity of the Board and considers whether there are any nominees that are women or representatives of other under-represented groups that have the skills and experience that are complementary to the skills and experience of the existing Board members.

The CG&C Committee is also to review on a periodic basis the composition of the Board to ensure that an appropriate number of independent directors sit on the Board and analyze the needs of the Board and recommend nominees who meet such needs.

Compensation

The CG&C Committee is responsible for formulating and making recommendations to the Board in respect of human resources and compensation issues relating to the directors, officers and employees of the Corporation. As noted above, the CG&C Committee is comprised entirely of independent directors. See "*Executive Compensation – Compensation Discussion and Analysis – Compensation Governance*" for additional details relating to the CG&C Committee's responsibilities relating to compensation matters.

Other Board Committees

In addition to the Audit Committee and the CG&C Committee, the Board also has a Reserves Committee and an Environment, Safety and Sustainability Committee (the "**ES&S Committee**").

The current members of the Reserves Committee are David Pearce (Chair), Kevin Olson, Karen Nielsen and Kam Sandhar all of whom are independent directors in accordance with NI 58-101 and National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**"). The Reserves Committee is responsible for overseeing the evaluation of the Corporation's petroleum and natural gas reserves, including the retention of one or more independent "qualified reserves evaluators or auditors" (as defined in NI 51-101), to report to the Reserves Committee (or, if requested, the Board) on Headwater's "reserves data" (as defined in NI 51-101).

Effective immediately following the Meeting, David Pearce intends to step down as Reserves Committee Chair and the Board has determined that Karen Nielsen will be appointed Reserves Committee Chair.

The current members of the ES&S Committee are Kevin Olson (Chair), Stephen Larke, Karen Nielsen and Cheree Stephenson, all of whom are independent directors in accordance with NI 58-101. The ES&S Committee is responsible for overseeing and monitoring the Corporation's programs, policies, procedures and performance on matters relating to environment, health and safety and sustainability and, from time to time, shall make recommendations to the Board as to such matters.

In addition to the responsibilities of the CG&C Committee relating to nominations and compensation, the CG&C Committee has a number of responsibilities relating to corporate governance matters. The responsibilities of the Reserves Committee and the ES&S Committee and the corporate governance responsibilities of the CG&C Committee are described below.

Mandates of the Audit Committee, CG&C Committee, ES&S Committee and Reserves Committee are available under Corporate Responsibility/Corporate Governance on our website at www.headwaterexp.com.

Reserves Committee Responsibilities

The Reserves Committee's general responsibilities include:

Reserves Matters

- reviewing the Corporation's procedures relating to the disclosure of information with respect to oil and gas activities, including reviewing its procedures for complying with disclosure requirements and restrictions set forth under applicable securities law requirements;

- reviewing the appointment of the Corporation's independent evaluator and, in the case of any proposed change to such independent evaluator, determining the reason therefor and whether there have been any disputes with management;
- reviewing the Corporation's procedures for providing information to the independent evaluator for the purposes of NI 51-101;
- meeting, as considered necessary, with management and the independent evaluator of the Corporation to determine whether any restrictions placed by management affect the ability of the evaluator to report without reservation on the Corporation's reserves information and data (the "**Reserves Data**") and to review the Reserves Data and the report of the independent evaluator thereon (if such report is provided);
 - providing a recommendation to the Board as to whether to approve the content or filing of the statement of the Reserves Data and other information that may be prescribed by applicable securities law requirements including any reports of the independent engineer and of management in connection therewith;
 - reviewing the Corporation's procedures for reporting other information associated with oil and gas producing activities; and
 - generally reviewing all matters relating to the preparation and public disclosure of estimates of the Corporation's reserves.

CG&C Committee Corporate Governance Responsibilities

The CG&C Committee's responsibilities relating to corporate governance include:

Corporate Governance Matters

- annually reviewing the mandates of the Board and its committees and recommending to the Board such amendments to those mandates as the CG&C Committee believes are necessary or desirable;
- considering and, if thought fit, approving requests from directors or committees of directors of the engagement of special advisors from time to time;
- preparing and recommending to the Board annually a statement of corporate governance practices to be included in the Corporation's annual report or information circular;
- reviewing on a periodic basis the composition of the Board and ensuring that an appropriate number of independent directors sit on the Board, analyzing the needs of the Board and recommending nominees who meet such needs;
- assessing, at least annually, the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors, including considering the appropriate size of the Board;
- with the assistance or recommendations of outside consultants where appropriate, identifying individuals qualified to become Board members, consistent with criteria set out below and any other criteria that may be approved by the Board, and maintaining a list of potential candidates for Board membership and where appropriate, interviewing potential candidates for Board membership;

- in addition to other criteria established by the Board for potential candidates for Board membership, in making its recommendations to the Board for potential candidates, the CG&C Committee should consider:
 - the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess;
 - the competencies and skills that the Board considers each existing director to possess;
 - the competencies and skills each new nominee will bring to the boardroom; and
 - whether or not each potential candidate can devote sufficient time and resources to his or her duties as a Board member;
- selecting, or recommending that the Board select, the director nominees for the next annual meeting of Shareholders;
- developing and recommending to the Board a set of corporate governance guidelines applicable to the Corporation;
- overseeing the evaluation of the Board and management;
- implementation of an orientation and education program for new recruits to the Board;
- with the assistance or recommendations of management or outside consultants where appropriate, make recommendations to the Board regarding appointments of corporate officers and senior management; and
- reviewing and recommending to the Board the succession plan for senior executives and matters in respect of executive capacity.

The CG&C Committee is authorized to engage outside advisors to assist the CG&C Committee in compensation and corporate governance matters and has the authority to approve such advisors' fees and other retention terms.

ES&S Committee

The ES&S Committee's responsibilities include:

Environmental, Health and Safety Matters

- reviewing the Corporation's fundamental policies and procedures pertaining to environment, health and safety and ensuring policies and procedures are in place to minimize environmental, occupational health and safety and other risks to asset value and mitigate damage to or deterioration of asset value;
- reviewing management reports on safety performance, information technology business risks, mitigation actions taken by management relative to reported incidents, persistent trends and high-risk observations from periodic management system assurance activities through inquiries of senior management about the persistent trends or high-risk observations and assess steps senior management has taken to minimize such risks to the Corporation;
- oversee remedial or mitigating action taken to manage an identified environment, health or safety risk;
- reviewing the Corporation's performance with applicable laws and regulations with respect to environment, health and safety;

- reviewing the findings of any significant report by regulatory agencies, external environment, health and safety consultants or auditors concerning the Corporation's performance in environment, health and safety matters and corrective measures taken to address same;
- reviewing emerging trends, issues and regulations related to environment, health and safety that are relevant to the Corporation; and
- providing reports and recommendations to the Board as determined necessary on environment, health and safety that are relevant to the Corporation.

Sustainability Matters

- oversee the Corporation's policies, procedures, practices and strategies relating to environmental, social and climate related issues and other sustainability matters to ensure due consideration of risks, opportunities and potential performance improvement relating thereto;
- ensure the Corporation's sustainability policy and strategic plan, commitments and procedures are consistent and integrated with the Audit Committee, Reserves Committee, CG&C Committee and/or the Board;
- review and report to the Board with respect to the consideration and integration of environmental, social and climate related and sustainability issues in the development of the Corporation's business strategy and financial planning;
- consider and review the setting of, and performance against, appropriate targets, benchmarking, procedures and reporting methods used by the Corporation to measure its environmental, social, climate and other relevant sustainability performance;
- consider and review:
 - third-party reports on the Corporation's sustainability performance and peer sustainability performance;
 - material regulatory or legislative change relating to environmental, social and climate related issues or other sustainability matters which could require modification of the Corporation's business practices;
 - ongoing or threatened litigation relating to environmental, social and climate related issues or other sustainability matters; and
 - insurable risks on environmental, social and climate related issues or other sustainability matters with evaluation of costs relative to benefit, taking into account, as determined necessary, Audit Committee consultation and recommendations on insurance matters;
- review the Corporation's enterprise risk management program relating to identifying, assessing and managing climate related risks and opportunities, whether physical or transitional, in view of plausible future scenarios, and other risks related to environment, social and sustainability, and report to the Audit Committee and/or the Board;
- review the Corporation's disclosure, reporting and external communication practices pertaining to environmental, social, climate and sustainability issues, including but not limited to assessments of materiality, development and publication of environmental, social and governance reports and/or sustainability reports and approach to analogous disclosure, media and social media campaigns and other written communication with stakeholders;
- reviewing the Corporation's sustainability plan with key stakeholders;
- review engagement with key stakeholders, Indigenous relations, and local community support and investment; and



- review shareholder proposals relating to environmental, social, climate or other sustainability issues and provide a report to the Board.

Assessments

The CG&C Committee is responsible for evaluating the effectiveness of the Board, its committees and individual directors. The CG&C Committee leads an annual evaluation process where each of our directors is asked to provide feedback on their views of the effectiveness of the Board and each of its committees as well as a peer review of the skills and contributions of the other members of the Board. In early 2026, the Chair of the CG&C Committee and the Lead Independent Director conducted interviews with each of the directors to conduct the annual evaluation. As part of these interviews, the Board members were asked to provide their views on how the functioning of the Board could be enhanced. The CG&C Committee also assessed other factors such as independence of the directors to ensure that the Board is operating effectively and independently of management. As a result of these interviews, the CG&C Committee recommended that all nine (9) of the existing members of the Board be nominated for re-election at the Meeting.

Succession Planning

The CG&C Committee also has the responsibility to review and recommend a succession plan with respect to our senior officers. Specific discussions of succession plans are periodically scheduled at least annually at CG&C Committee or Board meetings as agenda items to ensure that the matter receives the necessary time for consideration and review by the CG&C Committee and Board. Prior to discussions of succession matters senior officers of the Corporation are canvassed to determine any potential retirement plans or other plans that may impact their term of service with Headwater. In addition, the skills and experience of the senior officers and other officers and employees of the Corporation are reviewed to determine whether personnel within the organization have the necessary skills and experience to fulfill the role of a senior officer in the event of the retirement or other loss of a senior officer.

As part of the ongoing succession planning, on January 1, 2024, Mr. Roszell transitioned from the position of Chair and CEO to Executive Chair, Mr. Jaskela from the position of President and COO to President and CEO and Mr. Christman from the position of Vice President, Production to COO. In addition, on January 1, 2025, Terry Danku transitioned from the position of Vice President, Engineering to Executive Vice President and two senior managers of the Corporation were promoted into officer positions with Wade Hein appointed as Vice President, Operations (formerly Production Manager) and Jeff Magee appointed as Vice President, Engineering (formerly Engineering Manager).

The CG&C Committee and the Board have determined that there are successor candidates within the organization for each of the CFO and COO as well as many of the other executive officers. Management and the Board have committed to ensuring that successor candidates continue to develop their skills and experience to ensure that they are in position to step into more senior roles should the need arise.

Although there is no immediate successor for the CEO role within the organization, given Mr. Roszell's continued involvement with the Corporation, the Board has determined that in the interim period there is sufficient coverage in place to the extent Mr. Jaskela unexpectedly leaves the Corporation or requires an extended leave of absence



for any reason. In the near and medium term, the Board together with Mr. Jaskela, have identified and are continuing to develop potential successors for the CEO role.

In addition to the succession planning for senior officers, the CG&C Committee also considers and reviews succession planning for Board members as part of its annual evaluation of the Board and its members. As part of this review, the Chair of the CG&C Committee canvasses each member of the Board to determine their expectations as to length of service and whether they have any imminent retirement plans. The CG&C Committee uses this information to determine whether the Board has any need, or may have a need in the near future, to replace or complement the skills and experience of the existing members of the Board with any new nominees.

As part of the Corporation's succession process, the CG&C Committee recommended that effective immediately following the Meeting, Kevin Olson step down as Lead Independent Director and Stephen Larke be appointed as Lead Independent Director and Dave Pearce step down as Reserves Committee Chair and Karen Nielsen be appointed as Reserves Committee Chair effective May 20, 2026.

Director Term Limits and Other Mechanisms for Board Renewal

Of the nine (9) proposed nominees for election as directors at the Meeting, seven (7) have a tenure on the Board of approximately six (6) years and two (2) have a tenure on the Board of less than one (1) year. The average tenure of the proposed nominees for election as directors at the Meeting is under five years. As such, the Corporation has not adopted fixed term limits, mandatory retirement ages or other mechanisms for Board renewal.

In addition, the Board does not believe that fixed term limits or mandatory retirement ages are in the best interest of the Corporation. While term limits and mandatory retirement ages ensure fresh viewpoints on a board of directors, they also cause a company to lose the valuable contributions of those directors who best understand the business of such company and the challenges it faces.

However, when considering nominees for the Board on an annual basis, the CG&C Committee reviews the skills and experience of the current directors of the Corporation to assess whether the Board's skills and experience need to be strengthened in any area. In addition to considering the skills and experience of the Board, the CG&C Committee also assesses the knowledge and character of all nominees to the Board and other factors such as independence of the directors to ensure that the Board is operating effectively and independently of management. The CG&C Committee considers both the term of service and age of individual directors, the average term of the Board as a whole and turnover of directors over the prior years when proposing nominees for election of the directors of the Corporation.

As the tenure of the directors increase, the CG&C Committee acknowledges that the benefits of Board renewal may begin to outweigh some of the benefits of the institutional knowledge of the Board members. As such, the CG&C Committee anticipates taking a proactive approach in future years to ensure that the Board undertakes a deliberate and planned renewal process if it determines it is in the best interests of the Corporation to do so.

As indicated above, the CG&C Committee annually reviews the skills and experience of the current directors of Headwater to assess whether the Board's skills and experience need to be strengthened in any area. In conducting its annual review, the CG&C Committee evaluates the skills and experience of the individual Board members and the Board as a whole.

The director skills matrix below provides a listing of skills and key competencies that the Board has determined are important to Headwater's continuing success and which of those skills and competencies each of the proposed nominees for election as directors at the Meeting possess.

Name	Key Competencies									
	Executive Leadership	Oil and Gas Operations	Financial Literacy	Corporate Governance	Strategic Planning/ Business Development	Human Resources	Sustainability	Health & Safety	Enterprise Risk Management	Reserves Evaluation
Neil Roszell	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Jason Jaskela	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Chandra Henry	✓		✓	✓	✓	✓	✓		✓	
Stephen Larke	✓		✓	✓	✓	✓	✓	✓	✓	✓
Karen Nielsen	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Kevin Olson	✓	✓	✓	✓	✓	✓	✓	✓		✓
David Pearce	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Kam Sandhar	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cheree Stephenson	✓		✓	✓	✓	✓	✓		✓	✓

Definitions of competencies:

- (1) **Executive Leadership:** Leading an organization or major business segment of an organization.
- (2) **Oil and Gas Operations:** Executive or management experience in aspects of oil and gas operations, including development, exploration, production and marketing.
- (3) **Financial Literacy:** Ability to assess and analyze financial statements, executive experience in financial reporting, accounting and corporate finance.
- (4) **Corporate Governance:** Experience as a senior executive or Board member of public and/or private organizations.
- (5) **Strategic Planning/Business Development:** Executive or management expertise in strategic planning/execution including growth via organic methods or mergers and acquisitions.
- (6) **Human Resources:** Executive or management expertise in creating a strong corporate culture, talent management, succession and compensation.
- (7) **Sustainability:** Executive or management experience/knowledge of environmental risks/opportunities (climate change, emission reduction, renewable energy) and social (community initiatives, stakeholder engagement and human rights).
- (8) **Health & Safety:** Experience in workplace health and safety and regulation of oil and gas activity.
- (9) **Enterprise Risk Management:** Executive or management experience in evaluating organizational risk/opportunity.
- (10) **Reserves Evaluation:** General experience with or executive responsibility for oil and gas reserve evaluations.

In addition to considering the skills and experience of the Board, the CG&C Committee also assesses the knowledge and character of all members of the Board and other factors such as independence of our directors to ensure that the Board is operating effectively and independently of management.

Representation by Women and other Under-represented Groups on the Board

On April 1, 2022, the Board adopted a diversity policy (the "**Diversity Policy**") on the recommendation of the CG&C Committee. Under the Diversity Policy, the Board recognizes that diversity among its directors will support balanced decision and debate which, in turn, will enhance decision making by the Board by utilizing the difference in perspective of the members of the Board. The CG&C Committee mandate includes recommending director



candidates for election to the Board and annually evaluating the overall performance of the Board. In reviewing the composition of the Board, in accordance with the Diversity Policy, the CG&C Committee will consider the benefits of diversity in order to maintain an optimum mix of skills, knowledge and experience on the Board. The selection of candidates for appointment to the Board will be based on merit. Within that overriding emphasis on merit, the CG&C Committee shall seek to fill Board vacancies by considering candidates that bring a diversity of background and industry or related expertise and experience to the Board. The CG&C Committee's considerations shall include achieving an appropriate level of diversity having regard to factors such as skills, business and other experience, education, gender, age, ethnicity and geographic location. Women candidates for director will be included in the evergreen list of potential Board nominees.

In support of the objectives described in the Diversity Policy, the Board set a target of achieving and maintaining at least 30% representation by women on the Board, which was achieved at the 2024 Annual Meeting. The Board has achieved its target as greater than 30% of the Board members and the nominees for election at the Meeting are women.

Under the Diversity Policy, the CG&C Committee has the responsibility of monitoring compliance with the Diversity Policy and for reviewing and assessing the effectiveness of the Diversity Policy in promoting diversity to the Board on an annual basis. To measure the effectiveness of this policy, the CG&C Committee will, among other things:

- review the number of women considered or brought forward for both Board and executive officer positions;
- take into account the skills, knowledge, experience and character of any such women candidates; and
- ensure that women candidates are being fairly considered relative to other candidates.

On an annual basis, the CG&C Committee will measure the diversity on the Board and report to the Board with respect to the Corporation's annual and cumulative progress in achieving the objectives of the Diversity Policy.

Three (3) of the proposed nominees for election as directors at the Meeting are women, representing 33.3% of the proposed nominees.

One (1) of the proposed nominees for election as directors at the Meeting is a member of a visible minority group, representing 11.1% of the proposed nominees.

Women Representation in Executive Officer Positions

In accordance with the Diversity Policy, the Board and the Corporation are committed to ensuring a diverse and inclusive culture across the organization, in particular at the executive level, by promoting equality of opportunity. The Board will encourage and support the Corporation in its efforts, including seeking external independent advisory services as appropriate, to foster a collaborative and innovative workforce and to ensure that a diverse group of individuals are considered for executive and managerial roles.

As of the date hereof, two (2) women currently serve in executive officer positions with the Corporation, representing 20% of the current executive officer positions and 20% of the Named Executive Officers. As of the date hereof, no member of any visible minority group serves in an executive officer position with the Corporation.



The Corporation does not presently have a target for representation by women in executive officer positions.

Sustainability and Environmental, Social and Governance ("ESG") Integration

Sustainability and Governance Oversight

Ultimately, the Board is responsible for establishing policies and for the oversight of all matters relating to environmental, health, safety, climate and sustainability. Given the importance of these matters to the business of the Corporation and the breadth of these matters, the Board has empowered several of its committees with oversight over different aspects of environmental, health, safety, climate and sustainability topics.

The ES&S Committee has the mandate of overseeing a number of matters relating to environmental, social and climate issues and other sustainability matters. In conjunction with the Audit Committee and the Board, the ES&S Committee oversees management's review of the Corporation's enterprise risk management program relating to identifying, assessing and managing climate-related risks and opportunities, whether physical or transitional, in view of plausible future scenarios. The ES&S Committee and CG&C Committee have also implemented various targets in the short-term incentive program ("**STIP**") scorecard related to emissions, water usage, land reclamations, minimization of spills, Indigenous consultations, health, safety and environmental matters to ensure that management and staff are properly motivated to be considering such matters in all aspects of the Corporation's operations.

In addition to reviewing the policies and procedures pertaining to environment, health and safety matters, the ES&S Committee has responsibility for, among other things, reviewing management reports on safety performance, mitigation actions taken by management relative to reported incidents, persistent trends and high-risk observations from periodic management system assurance activities and remedial action taken to manage identified environment, health and safety risks. In furtherance of these responsibilities, the ES&S Committee meets quarterly to receive a report from management on, a variety of items, including, among other things, lost-time injuries, recordable injuries, near misses, hazards identified, corrective actions implemented, safety observations performed, leadership site visits, inspections performed, safety meetings held and emergency response drills completed.

Sustainability and ESG Reporting

In 2022, Headwater published its inaugural environmental, social and governance report (the "**2022 ESG Report**"). The 2022 ESG Report detailed activities, initiatives, and progress metrics from January 1, 2021 to December 31, 2021. It was compiled using the Sustainability Accounting Standards Board ("**SASB**") Standard for Oil & Gas Exploration & Production (2018-10) as a guide. In 2023, Headwater published updated ESG performance tables relating to the 2022 calendar year compiled using the SASB Standard for Oil & Gas Exploration & Production (2018-10) as a guide (the "**2023 ESG Update**"). The Corporation had planned to publish an updated ESG Report in 2024; however, prior to the publication of the 2024 ESG Report, the Canadian federal government made certain amendments to the *Competition Act* (Canada), which create new potential significant liability (including fines of up to the greater of \$15 million or 3% of the Corporation's worldwide revenue) for Canadian companies relating to disclosure of their environmental goals and performance, including their climate change mitigation efforts. As a result of potential risks of liability, it was determined it was in the Corporation's best interests to restrict public access to the majority of the Corporation's environmental related communications. As a result, the Corporation

removed the 2022 ESG Report and the 2023 ESG Update from the Corporation's website and determined to not publish the 2024 ESG Report. Although the Canadian federal government has adopted amendments to the *Competition Act* (Canada) removing certain problematic provisions, there remains significant potential liability risks. The Corporation has decided to continue to restrict public access to the majority of its environmental related communications. The Corporation intends to continue to evaluate the amendments to the *Competition Act* (Canada) and any further guidance provided to determine how to provide future disclosure on its environmental goals and performance in the future.

Identification and Mitigation of Climate-Related Risks

Management and the Board strive to provide Shareholders and other stakeholders with meaningful disclosure on risks related to climate change both physical and transitional in nature, in view of plausible future scenarios. Headwater includes disclosure related to these risks on a regular basis both in the Corporation's annual information form on an annual basis and in management's discussion and analysis on a quarterly basis, all of which are available on SEDAR+ at www.sedarplus.ca.

Cyber Security

Information technology ("IT") plays a critical role in the success of Headwater. While IT does not drive the business, it is the digital environment that Headwater relies upon. The Corporation's primary directives are to provide reliable, secure and highly available IT services and support to allow Headwater to achieve its corporate objectives.

Headwater continually hardens infrastructure against attacks by implementing various protocols, settings, and updates such as requiring multi-factor authentication, restricted access to specific geographic locations, and limiting non-essential network traffic and services. The Corporation completes backups of all data to the cloud and tests data restoration on a regular basis to ensure its integrity. Headwater conducts regular training with all staff and holds annual cyber security awareness training to educate everyone on good cyber hygiene practices. In 2022, the Board received an educational talk from an expert in the areas of cyber security and national security concerns and the impacts that such matters could have on the business of the Corporation. In 2025, the Board received an educational talk from an expert in the area of artificial intelligence ("AI"). In 2024 and 2025, management met with the Board and Audit Committee on regular intervals to provide IT updates including backup status and testing, maintenance and health checks and status of employee training. Management also established an IT critical software summary and IT policy in 2023, which was circulated to all employees. In 2026, management updated the IT policy to address AI including acceptable use, confidential information and review of AI-generated outputs.

The Board delegates the oversight of technology and system risks associated with the Corporation's operations to the Audit Committee. Under its mandate, and in conjunction with management, the Audit Committee has the responsibility to identify, monitor and mitigate business risks, including risks relating to cyber security attacks, cyber-fraud events and other technology risks, such as the use of AI. The Audit Committee and the Board receive quarterly updates from management on IT matters, which updates include an overview of cyber security metrics and measures, any cyber security incidents, and risk mitigation efforts implemented by the Corporation (including but not limited to IT general controls and AI oversight). Audit Committee and Board members are also provided with educational resources regarding developments in cyber security and AI, which allow members to play an active role in decision-making regarding the Corporation's security measures.



Headwater has not had a material cyber security breach in the last three years, nor in its history, but recognizes the ever-present threat, and the Corporation continually strives to improve its security posture.

Shareholder Engagement with Board

Headwater carries out its Shareholder engagement activities through a variety of methods. In addition to its annual Shareholder meeting, Headwater participates in numerous investor conferences and one-on-one meetings. In addition, at the Meeting, Shareholders will be given an opportunity to provide feedback on the Corporation's compensation programs through the say-on-pay non-binding advisory vote to be considered by the Shareholders.

To the extent that Shareholders wish to have direct engagement with the Board, they are invited to engage with the Board by mail to Suite 1400, 215-9th Ave SW, Calgary, Alberta, T2P 1K3, Attn: Board of Directors or by e-mail to boardofdirectors@headwaterexp.com.



EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The following Compensation Discussion and Analysis provides a description of the compensation practices and policies of the Corporation.

Compensation Governance

The current members of the CG&C Committee are Stephen Larke (Chair), Chandra Henry and David Pearce, each of whom are highly experienced executives, directors and/or businesspeople who have dealt with compensation issues in the course of his or her respective leadership roles and each of whom is independent. The skills and experience that enable the members of the CG&C Committee to make decisions on the suitability of the Corporation's compensation policies and practices is as follows:

Stephen Larke - Mr. Larke has over 25 years of experience in energy capital markets, including research, sales, trading and equity finance, and currently serves on the boards of Vermilion Energy Inc. (since 2017) and Topaz Energy Corp. (since 2019). He is formerly an Operating Partner and Advisory Board member with Azimuth, an energy-focused private equity fund based in Calgary, Alberta. Prior to joining Azimuth, Mr. Larke was Managing Director and an Executive Committee member with Calgary-based Peters & Co. Limited, from 2005 to 2015, and prior thereto, was Vice President and Director with TD Newcrest from 1997 to 2005. Both at Peters & Co. Limited and TD Newcrest, Mr. Larke received leading rankings in the Brendan Wood International survey of institutional investors. Mr. Larke has a Bachelor of Commerce degree (with distinction) from the University of Calgary and holds the Chartered Financial Analyst designation. Mr. Larke also holds the ICD.D designation from the Institute of Corporate Directors and is a Fundamentals of Sustainability Accounting (FSA) Credential holder.

David Pearce - Mr. Pearce has been working with Azimuth since July 2014 as Deputy Managing Partner and is currently serving as Deputy Chairman. He was an Operating Partner with Azimuth's predecessor KERN Partners from November 2008 to July 2014. Mr. Pearce currently serves on the board of directors of Baytex (since 2018) and was formerly a director of Raging River from March 2012 to August 2018. He was with Northrock Resources Ltd. from June 1999 to January 2008 where he held several senior officer positions, including President and CEO. Prior thereto, Mr. Pearce worked in various management roles at Fletcher Challenge Canada, Amoco Canada and Dome Petroleum. Mr. Pearce holds a Bachelor of Science degree in Mechanical Engineering (Honors) from the University of Manitoba.

Chandra Henry - Ms. Henry has more than 25 years of progressive experience in finance, treasury, risk, taxation and operations within the financial services industry crossing multiple geographic and business segments. She is currently the Chief Financial Officer and Chief Compliance Officer of Longbow Capital Inc., a private equity firm investing in the North American energy markets since June 2019. Prior to Longbow, Ms. Henry held various senior finance positions including Chief Financial Officer of WestBlock Inc. (2018-19), Director of Finance for GMP Securities L.P. (2016-17) and Chief Financial Officer for FirstEnergy Capital Corp. (2001-16). Ms. Henry has a Bachelor of Commerce degree from the University of Calgary and has earned the Chartered Professional Accountant (CPA, CA), Chartered Financial Analyst (CFA) and Institute of Corporate Directors (ICD.D) designations. In addition, Ms. Henry is a Fundamentals of Sustainability Accounting (FSA) Credential Holder. Ms. Henry is also a

member of the board of directors of the TELUS Friendly Future Foundation Calgary and Southern Alberta Chapter. Ms. Henry also previously served on the board of directors of Whitecap Resources Inc. as a member of both the Audit Committee and the Sustainability & Advocacy Committee and of Bonavista Energy Corporation, as Chair of the Audit and Risk Committee of the board of directors of Pengrowth Energy Corporation and as Director, Treasurer and Chair of the Audit Committee of the Alberta Ballet Company.

Under the mandate of the CG&C Committee, the CG&C Committee is responsible for the following in respect of compensation matters:

- reviewing and reporting to the Board concerning the overall compensation program and philosophy and alignment with salient stakeholders;
- reviewing and recommending to the Board the compensation program, remuneration levels and incentive plans and any changes therein for senior management, including the CEO;
- reviewing and approving corporate goals and objectives relevant to the compensation of the CEO, evaluating the CEO's performance in light of those goals and objectives, and either, as a committee or together with the independent directors (as determined by the Board) determining and approving the CEO's compensation based on this evaluation;
- making recommendations to the Board with respect to compensation of executive officers (other than the CEO), including grants and awards under incentive compensation and equity-based plans that are subject to Board approval;
- reviewing the adequacy and form of compensation to the directors ensuring it realistically reflects their responsibilities and risk and making recommendations to the Board as to such compensation matters;
- reviewing annually and recommending for approval to the Board the executive compensation disclosure and "Compensation Discussion and Analysis" disclosure of the Corporation in its information circular for the Corporation's annual meeting of Shareholders;
- reviewing annually the mandate of the CG&C Committee;
- administering any incentive plans implemented by the Corporation, in accordance with their respective terms; and
- reporting on executive officer compensation on an annual basis.

At no time in the two most recently completed financial years has the Corporation retained a compensation consultant or advisor to assist the Board or the CG&C Committee in determining the compensation of the directors or executive officers of the Corporation.

Named Executive Officers

This Compensation Discussion and Analysis describes the Corporation's executive compensation program for the financial year ended December 31, 2025 and the officers who are the focus of the Compensation Discussion and Analysis and who appear in the compensation tables herein are:

- Neil Roszell, Executive Chair;
- Jason Jaskela, President and Chief Executive Officer;
- Brad Christman, Chief Operating Officer;
- Ali Horvath, Chief Financial Officer; and



- Terry Danku, Executive Vice President.

(each a "**Named Executive Officer**" or "**NEO**" and collectively, the "**Named Executive Officers**" or "**NEOs**").

Compensation Risk Mitigation

As part of its review of the Corporation's compensation program, the CG&C Committee considers whether the Corporation's compensation program provides Headwater's executive officers with adequate incentives to achieve both short and long-term objectives without motivating them to take inappropriate or excessive risk. As at the date hereof, the CG&C Committee has concluded that the compensation program and policies of the Corporation do not encourage its current executive officers to take inappropriate or excessive risks. This assessment is based on a number of considerations including, without limitation, the following: (a) performance share awards ("**Performance Awards**") granted to executive officers cliff vest after three years, which encourages executive officers to continue to develop favourable results over a longer period of time and reduces the risk of actions that may have short term advantages; (b) the Corporation's compensation program for executive officers is not structured significantly differently from the compensation program for other employees within the Corporation; (c) the overall compensation program is aligned with the Corporation's business plan and long-term strategies; (d) the Share Ownership Guidelines for executive officers help to ensure that such executive officers maintain a significant equity interest in the Corporation, which encourages executive officers to continue to develop favourable results over a longer period of time and reduces the risk of actions that may have short term advantages (see "*Officer Share Ownership Guidelines*" below); (e) the Clawback Policy (as defined below) gives the Board the ability to clawback any incentive compensation to the extent that an executive officer has undertaken inappropriate behaviour (see "*Clawback Policy*" below); (f) the ability of the Board to use its discretion to alter the bonus amounts awarded from the amounts determined in accordance with the STIP scorecard to protect against unintended consequences; and (g) robust restrictions on the ability of executives to participate in transactions that are designed to hedge or offset a decrease in market value of securities of the Corporation have been established as discussed below under the heading "*Prohibition on Hedging*".

Prohibition on Hedging

The Corporation's Disclosure, Confidentiality and Trading Policy contains anti-hedging provisions. Directors, officers and employees of the Corporation shall not knowingly sell, directly or indirectly, a security of the Corporation if such person selling such security does not own or has not fully paid for the security to be sold. Directors, officers and employees of the Corporation shall not, directly or indirectly, engage in any of the following transactions: (i) buying or selling a call or put in respect of a security of the Corporation; (ii) selling the Corporation's securities short; or (iii) purchasing any other financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of securities of the Corporation.

Clawback Policy

The Corporation's Clawback Policy (the "**Clawback Policy**") provides for the reimbursement of incentive compensation in certain circumstances. The Clawback Policy defines incentive compensation to include, without limitation, cash bonuses paid under any short-term incentive plans, any awards under any long-term incentive plans and any payments (or other compensation) made upon vesting or settlement of any awards under any long-term incentive plans. Where the Board determines it is in the best interests of Headwater, it may demand

repayment of all or a portion of, or effect the cancellation of unvested awards under long-term incentive plans, any incentive compensation granted to executive officers in cases where: (i) the amount of the incentive compensation was calculated based upon, or contingent on, the achievement of certain financial results or other performance goals that were subsequently the subject of or affected by a substantial restatement of all or a portion of the financial statements of Headwater; (ii) an executive officer engaged in negligence, intentional misconduct or fraud that caused or substantially caused the need for the substantial restatement of the financial statements of Headwater; or (iii) the amount of the incentive compensation that would have been awarded to the executive officer had Headwater's financial results been properly reported would have been lower than the amount actually awarded or received.

In addition, under the Clawback Policy, in the event that any executive officer is found to have engaged in intentional misconduct, fraud, theft or embezzlement, the Board may in its discretion, to the full extent permitted by applicable laws and to the extent it determines that it is in best interests of Headwater to do so, require the reimbursement of some or all of the after-tax amount of any incentive compensation already paid or awarded to such executive officer in the previous 24 months or the forfeiture of any vested or unvested incentive compensation awards regardless of whether or not a restatement of the financial statements of Headwater has occurred or is required. The Clawback Policy applies to any employee or consultant of Headwater who is serving or who served as a vice president or senior officer of the Corporation.

Officer Share Ownership Guidelines

The Board has established Share Ownership Guidelines of the Corporation for its executive officers. As Mr. Roszell does not receive a base salary as Executive Chair, the Share Ownership Guidelines for both himself and Mr. Jaskela are based off Mr. Jaskela's annual base salary and require each of Mr. Roszell and Mr. Jaskela to hold Common Shares or restricted share awards ("**Restricted Awards**" and together with Performance Awards, the "**Awards**") with a value of not less than six times Mr. Jaskela's annual base salary. Each of the other executive officers are required to hold Common Shares with a value of not less than one times such executive officer's base salary. In determining whether an executive officer has met the Share Ownership Guidelines, the value of the Common Shares (and Restricted Awards) will be based on the closing price of the Common Shares on the TSX as at December 31 in the year prior to such determination. Any new executive officer will be required to achieve this level within three years of such executive officer's appointment as an executive officer of the Corporation.

The following table sets out the value of the equity holdings of each of Headwater's executive officers based on the closing price of the Common Shares on the TSX on December 31, 2025, being \$9.37 per Common Share:

Share Ownership Guidelines										
Name	Multiple of Annual Compensation	Amount of Base Salary ⁽¹⁾ (\$)	Total Value of Share Ownership Required (\$)	Common Shares (#)	Value of Common Shares ⁽²⁾ (\$)	Restricted Awards (#)	Value of Restricted Awards ⁽³⁾ (\$)	Total Value of Common Shares and Restricted Awards (\$)	Holdings as a Multiple of Annual Base Salary	Meets Share Ownership Requirements
Neil Roszell	6x ⁽⁴⁾	Nil	1,782,000	3,815,839	35,754,411	Nil	Nil	35,754,411	N/A ⁽⁴⁾	Yes
Jason Jaskela	6x	297,000	1,782,000	2,039,475	19,109,881	Nil	Nil	19,109,881	64x	Yes
Ali Horvath	1x	297,000	297,000	949,685	8,898,548	Nil	Nil	8,898,548	30x	Yes
Brad Christman	1x	297,000	297,000	1,017,966	9,538,341	Nil	Nil	9,538,341	32x	Yes
Terry Danku	1x	297,000	297,000	1,468,556	13,760,370	Nil	Nil	13,760,370	46x	Yes



Dieter Deines ⁽⁵⁾	1x	297,000	297,000	25,855	242,261	16,575	155,308	397,569	1x	Yes
Georgia Little ⁽⁶⁾	1x	297,000	297,000	120,559	1,129,638	3,540	33,170	1,162,808	4x	Yes
Scott Rideout	1x	297,000	297,000	671,356	6,290,606	Nil	Nil	6,290,606	21x	Yes
Wade Hein ⁽⁷⁾	1x	297,000	297,000	34,699	325,130	9,186	86,073	411,203	1x	Yes
Jeff Magee ⁽⁸⁾	1x	297,000	297,000	47,657	446,546	8,506	79,701	526,247	2x	Yes

- (1) Annual base salaries effective January 1, 2026.
- (2) Common shares held as of December 31, 2025. Value has been determined by multiplying the number of Common Shares by the closing price of the Common Shares on the TSX on December 31, 2025 of \$9.37.
- (3) Restricted Awards held as of December 31, 2025. Value has been determined by multiplying the number of Restricted Awards by the closing price of the Common Shares on the TSX on December 31, 2025 of \$9.37.
- (4) Mr. Roszell does not receive an annual base salary, however he is required to hold six times Mr. Jaskela's annual base salary.
- (5) Mr. Deines was appointed as the Vice President, Exploration on September 1, 2023 and has until September 1, 2026 to meet the Share Ownership Guidelines.
- (6) Ms. Little was appointed Interim Vice President, Finance and Chief Financial Officer on October 16, 2023 and has until October 16, 2026 to meet the Share Ownership Guidelines.
- (7) Mr. Hein was appointed Vice President, Operations on January 1, 2025 and has until January 1, 2028 to meet the Share Ownership Guidelines.
- (8) Mr. Magee was appointed Vice President, Engineering on January 1, 2025 and has until January 1, 2028 to meet the Share Ownership Guidelines.

Compensation Philosophy and Program

Headwater's approach to compensation for the executive officers over the last several years has had to adjust rapidly as a result of the significant growth and development of the business. In 2020, when the Corporation was recapitalized and the Board and management of the Corporation was reconstituted, the Corporation had no production in the Western Canadian Sedimentary Basin and minimal seasonal production in New Brunswick. As a result of the significant growth and development of the business, the Corporation's production has grown to 24,259 BOE/d in the fourth quarter of 2025, which is primarily derived from the Clearwater, Grand Rapids and Wabiskaw formations in the greater Marten Hills area of Alberta.

The rapid development in the Corporation's business has required the CG&C Committee and the Board to continue to evolve the compensation programs of the Corporation to ensure such programs are appropriate for the retention and attraction of highly motivated and capable management and staff in order to achieve the business objectives of the Corporation. Throughout the evolution of the compensation programs, the Corporation's compensation philosophy has remained the same of paying for performance in an affordable and sustainable manner and to align the interests of executive officers and staff with the interests of the Shareholders. For additional information on the evolution of the Corporation's compensation programs and the different elements of the compensation program in 2025 and going forward in 2026 and beyond, see "2025 Compensation Program" and "2026 Compensation Program" below.

2025 Compensation Program

The focus of the Corporation's compensation programs for executive officers in 2025 (as in previous years) was to ensure that compensation was heavily weighted towards compensation mechanisms based on the corporate performance of the Corporation. In 2025, the elements of the Compensation Program for both executive officers and staff included base salaries, Awards under the Award Plan as the form of long-term incentive compensation for both executive officers and staff of the Corporation, cash bonuses paid based on the STIP scorecard, and



contributions to the ESPP (as defined below). The elements of the 2025 compensation program are further described below.

2025 Base Salaries

At the December 2024 meeting of the CG&C Committee, Messrs. Roszell and Jaskela presented recommendations for salaries for executive officers and staff. Mr. Roszell, as Executive Chairman, specifically requested that he not be paid a base salary and that all of his compensation be performance based. At Messrs. Roszell and Jaskela's recommendation, the CG&C Committee recommended, and the Board approved, that Mr. Roszell would not receive a base salary in 2025 and all other executive officers would receive the same salary, to be held flat at \$287,000 (with the exception of Messrs. Hein and Magee). Messrs. Hein and Magee, being that they were newly appointed executive officers as of January 1, 2025, would receive a salary of \$235,000.

2025 Short-term Incentive Cash Bonus Plan

In March 2025, the CG&C Committee recommended, and the Board approved the STIP scorecard to be used to determine 2025 cash bonus amounts. The principal elements of the STIP scorecard for 2025 remained the same as the 2024 scorecard, with updates to financial and operational targets including proved developed producing ("PDP") recycle ratio, annual average production, and operating and transportation expense. The following sets out the principal elements of the STIP scorecard and the weightings of each element used to determine 2025 cash bonus amounts:

- **Shareholder Return** – weighting 45% – Shareholder return was measured based on both absolute total return and total return relative to other companies in the Corporation's peer group.
- **Financial and Operational Performance** – weighting 37.5% – This was based on Headwater's results in 2025 as compared to targets in the STIP scorecard on certain metrics including progression within the financial year on the Corporation's multi-year strategic plan, PDP recycle ratio (based on adjusted funds flow netback divided by finding and development costs ("F&D") on a BOE basis), annual average production, general and administrative ("G&A") expense on a per BOE basis and operating and transportation expense on a per BOE basis.
- **ESG Objectives** – weighting 12.5% – This was based on management meeting certain defined strategic, non-siloed ESG objectives. Specific objectives under this category included achieving Scope 1 emission intensity targets, fresh water usage targets and pipeline and other spill targets, successful technology identification implementation and innovation and consideration for land use and reclamation, forestry, waste heat and Indigenous relations.
- **Health and Safety** – weighting 5% – This was based on Headwater's results in 2025 relating to targets set for total recordable injury frequency and lost-time injury frequency.

Under the cash bonus program, the STIP scorecard is used by the CG&C Committee to benchmark actual corporate performance compared to expectations to determine the applicable corporate payout amount; however, the CG&C Committee and the Board may consider other factors relating to corporate performance to make upwards or downwards adjustment to the corporate payout multiple. The CG&C Committee and the Board believe that having some discretion to alter the payout from the results achieved under the STIP scorecard protects against unintended consequences and allows the Corporation to adjust its short-term strategies in response to operating in a rapidly changing environment.



The following table shows the annual base bonus amounts as a percentage of salary, the corporate performance weighting and the personal performance weighting for each Named Executive Officer for 2025:

Named Executive Officer	Base Bonus (% of Salary)	Corporate Performance Weighting (%)	Personal Performance Weighting (%)
Neil Roszell, Executive Chair ⁽¹⁾	N/A	100%	0%
Jason Jaskela, President and CEO	100%	100%	0%
Brad Christman, COO	80%	80%	20%
Ali Horvath, CFO	80%	80%	20%
Terry Danku, Executive Vice President	80%	80%	20%

(1) Mr. Roszell does not receive an annual base salary. Mr. Roszell receives 1x the annual bonus of Mr. Jaskela.

The corporate performance is measured based on the STIP scorecard with the payout ranging from zero to 2.0. For instance, for the CEO a score of zero would result in no bonus paid, a score of 1.0 would result in bonus paid equal to 100% of the CEO's base salary and a score of 2.0 resulting in a payout of 200% of the CEO's base salary.

In December 2025, the CG&C Committee met to discuss a number of matters including the determination of bonus amounts for the executive officers and staff of the Corporation. In determining bonus amounts, the CG&C Committee received the recommendations of the CEO as to the bonus amounts to be paid to executive officers and staff. The CG&C Committee compared actual performance relative to the objectives in the Corporation's STIP scorecard established for 2025. The CG&C Committee noted that the Corporation exceeded all the objectives established in the 2025 STIP Scorecard.

2025 Actual Performance

Element of STIP Scorecard	2025 Actual Performance	Result
Shareholder Returns (Both Relative and Absolute Component) Weighting 45%	From December 31, 2024 to December 31, 2025 there was an approximate 46% absolute total return.	Outperform
Financial and Operational Performance Weighting 37.5%	In 2025, the Corporation achieved the following results: • Strategy – 10/10 – progression within the financial year on multi-year strategic plan • PDP Recycle Ratio – 4.07 • Annual Average Production – 22,776 BOE/d⁽²⁾ • G&A per BOE – \$1.49 per BOE⁽¹⁾ • Operating and transportation expense per BOE - \$12.97 per BOE⁽¹⁾	Outperform
ESG Objectives Weighting 12.5%	In 2025, Headwater exceeded all of its objectives with respect to ESG matters.	Outperform
HSE Performance Weighting 5%	In 2025, Headwater exceeded all of its objectives with respect to HSE matters.	Outperform

(1) Non-GAAP financial measure. See "Advisories – Non-GAAP Financial Measures".



(2) 2025 average annual production consisted of 20,707 Bbls/d of heavy crude oil, 11.5 MMcf/d of natural gas and 160 Bbls/d of NGLs.

In December 2025, the Corporation paid out half of the cash bonus amounts to both executives and staff based on a 1.0 payout based on the STIP scorecard with the remainder of the 2025 cash bonus to be paid in March 2026 based on the actual payout once the actual results from 2025 results were finalized. In March 2026, the Board approved the remainder of the 2025 cash bonus amounts to both executives and staff based on a 1.94 payout based on the actual results achieved relative to the STIP scorecard.

The following table summarizes annual bonuses paid to the Named Executive Officers for 2025 performance as well as such bonuses as a percentage of the salaries for such Named Executive Officer in each year:

Named Executive Officer	2025 Bonus (\$)	Percentage of Base 2025 Salary
Neil Roszell, Executive Chair	556,800	N/A ⁽¹⁾
Jason Jaskela, President and CEO	556,800	194%
Brad Christman, COO	445,400	155%
Ali Horvath, CFO	445,400	155%
Terry Danku, Executive Vice President	445,400	155%

(1) Mr. Roszell does not receive an annual base salary. Mr. Roszell receives 1x the annual bonus of Mr. Jaskela.

2025 Peer Group

In March 2025, the CG&C Committee established a peer group of companies for Headwater to benchmark corporate performance against. The CG&C Committee used this peer group to evaluate relative total Shareholder return for the purposes of the STIP scorecard in 2025 as well as for potential other benchmarking purposes. The CG&C Committee selected the peer group based on companies that the Corporation would be competing against both for capital and talent and a S&P/TSX Energy Index Exchange Traded Fund ("**ETF**"). The following companies were included in the 2025 peer group:

Athabasca Oil Corporation	Birchcliff Energy Ltd.
Cardinal Energy Ltd.	Kelt Exploration Ltd.
NuVista Energy Ltd. ⁽¹⁾	Obsidian Energy Ltd.
Paramount Resources Ltd.	Spartan Delta Corp.
Surge Energy Inc.	Tamarack Valley Energy Ltd.
XEG – iShares S&P/TSX Energy Index ETF	

(1) Closing of the acquisition by Ovintiv Inc. occurred on February 3, 2026, and as such, NuVista Energy Ltd. remained in the 2025 peer group to benchmark relative shareholder return.

2025 Long-Term Incentive Program

The Award Plan provides for the grant of Performance Awards and Restricted Awards to officers, employees and consultants of the Corporation.

The only form of long-term incentive grants to executive officers, employees and consultants in 2025 were Performance Awards and Restricted Awards under the performance and restricted share award plan of the

Corporation (the "**Award Plan**"). The aggregate number of Awards to be granted to each executive officer or employee of the Corporation will be based on a multiple of the annual base salary of each of such executive officer or employee after consideration is given to a number of factors including the practices of other members of the Corporation's benchmarking group, total compensation of such executive officers and employees, and other forms of compensation previously received by such executive officers and employees and the potential costs to the Corporation. For executive officers, all Awards granted consist 100% of Performance Awards (with the exception of newly appointed executive officers who may receive Restricted Awards in addition to Performance Awards). With respect to staff, the more senior the position of the employee receiving a grant of Awards, the more heavily the weighting towards Performance Awards with junior employees receiving primarily Restricted Awards. In all cases, the compensation received by the recipients of Restricted Awards is directly tied to Headwater's share price performance and compensation received by the recipients of Performance Awards is directly tied to Headwater's share price performance and several financial and operational metrics. The Award Plan allows executives to participate in the success of the Corporation and creates a strong alignment to Shareholder interests as the value of Awards track Headwater's share price performance (in the case of both Restricted Awards and Performance Awards) and Headwater's relative and absolute total Shareholder return (in the case of Performance Awards).

At the time of payout, the Board will apply the Payout Multiplier to the Performance Award grant which may increase or decrease the number of Common Shares underlying such Performance Award. The Payout Multiplier may range from zero to 2.0 and will be based on Headwater's performance during the performance period (the "**Performance Period**") applicable to such Performance Awards.

The following sets out the principal elements of the scorecard and the weightings of each element to determine the Payout Multiplier which will be used at the end of the applicable Performance Period:

- **Shareholder Return** – weighting 60% – Shareholder return will be measured based on both absolute total return and total return relative to other companies in the Corporation's peer group.
- **Financial and Operational Performance** – weighting 40% – Metrics consist of PDP recycle ratio (based on adjusted funds flow netback divided by FD&A on a BOE basis) and proved plus probable ("**TPP**") recycle ratio (based on adjusted funds flow netback divided by FD&A on a BOE basis) both calculated based on the three year average over the Performance Period.

The CG&C Committee and the Board believe that having some discretion to alter the Payout Multiplier from the results achieved based on the above-described calculation protects against unintended consequences.

Upon vesting, at the election of the Board each Award will be paid out in cash, by the issuance of Common Shares from treasury or by Common Shares purchased through the facilities of the TSX (or a combination thereof). If paid out in cash, Awards will have a value equal to the volume weighted average trading price of the Common Shares on the TSX for five trading days immediately prior to the payment date multiplied by the number of Common Shares underlying the Awards, as adjusted for dividends paid on the Common Shares while such Awards were outstanding and, in the case of Performance Awards, for the Payout Multiplier. If the Board elects to pay out Awards by issuance of Common Shares, Headwater will issue the number of fully paid and non-assessable Common Shares underlying such Awards as adjusted for dividends paid on the Common Shares while such Awards were outstanding and, in the case of a Performance Awards, for the Payout Multiplier. Unless otherwise determined, the Board has determined to cash settle all Performance Awards and Restricted Awards. For a description of the terms of the Award Plan, see Schedule A hereto.



Employee Share Purchase Plan

In 2023, Headwater implemented an employee share purchase plan (the "**ESPP**") which, among other things, authorizes the Corporation to make contributions into the ESPP for the purchase of Common Shares in the open market for the benefit of our participating full time and part time employees (in this section, collectively, "**Participants**").

Pursuant to the ESPP, a Participant may contribute up to 6% of their annual base salary (in increments of 1%). For each \$1.00 contribution to the ESPP by a Participant, the Corporation will contribute \$1.50 on behalf of the Participant. Each of the Participant's contribution and Headwater's contribution in each calendar month will be used to acquire Common Shares on the open market. The purpose of the ESPP is to provide employees with the opportunity to acquire an increased proprietary interest in Headwater's business through the purchase of Common Shares. As substantially all of the employees and officers participate in the ESPP, Headwater's management and Board believe the ESPP serves as an effective tool to increase the proprietary interest of Headwater's personnel in the Corporation and to align the interests of such personnel with the interests of the Shareholders. The Board may amend the ESPP, in whole or in part, at any time, provided the amendment or termination does not deprive a participant of any benefits accrued under the ESPP on or prior to the date of amendment or termination.

2026 Compensation Program

The compensation program for 2026 for the Named Executive Officers established by the CG&C Committee continues to include base salaries, cash bonuses utilizing the STIP scorecard, grants of Performance Awards under the Award Plan, and participation in the ESPP. The compensation program for 2026 remains focused on maintaining fixed G&A expenses at a relatively low level and paying for performance in an affordable and sustainable manner, in order to align the interests of Headwater's executive officers and staff with the interests of the Shareholders. The intent of the CG&C Committee and the Board is to ensure that the total compensation paid to its executive officers is equivalent to the median total compensation paid by companies in the Corporation's peer group.

2026 Base Salaries

At the December 2025 meeting of the CG&C Committee, Messrs. Roszell and Jaskela presented recommendations for salaries for executive officers and staff. As a result of the recommendations of Messrs. Roszell and Jaskela, the CG&C Committee recommended, and the Board approved, that Mr. Roszell not receive a base salary and all other executive officers receive a base salary of \$297,000 in 2026.

2026 Short-term Incentive Cash Bonus Plan

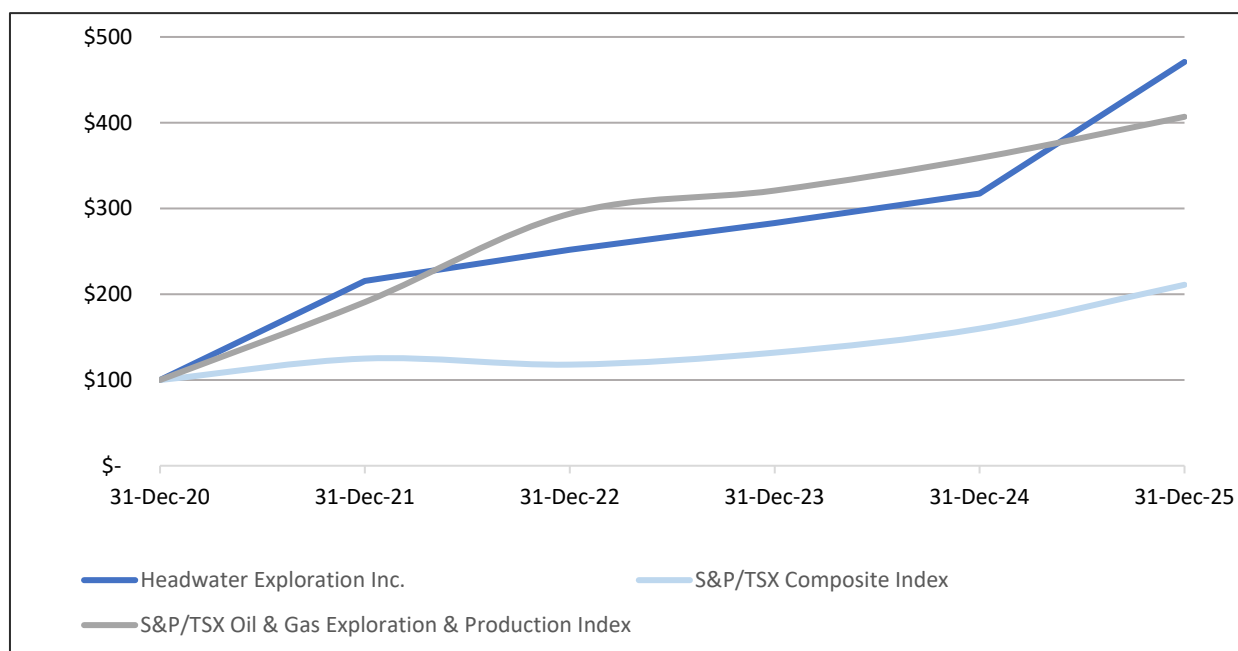
In December 2025, the CG&C Committee recommended, and the Board approved, the STIP scorecard to be used to determine 2026 cash bonus amounts. The principal elements of the STIP scorecard for 2026 remained substantially the same as the 2025 STIP scorecard, with the exception of reducing the weightings of the shareholder return and ESG components of the scorecard, with a corresponding increase in weighting to the financial and operational results component of the scorecard, while also updating various financial and operational, ESG and HSE targets. The change in weightings aligns the Corporation's STIP scorecard more closely with its peer group. In 2026, Mr. Roszell's potential cash bonus to be paid out pursuant to the STIP program will be in line with Mr. Jaskela such that Mr. Roszell will receive a cash bonus equal to the cash bonus paid to Mr. Jaskela.

2026 Long-Term Incentive Program

In 2026, the long-term incentive compensation program for executive officers will continue to consist of grants of Performance Awards under the terms of the Award Plan. For a description of the Award Plan, see Schedule A. In 2026, the value of Mr. Roszell's grant of Performance Awards pursuant to the LTIP program will be half of the value of Mr. Jaskela's.

Performance Graph

The following graph compares the change in the cumulative total Shareholder return for the five most recently completed financial years, of a \$100 investment in the Common Shares, with the cumulative total return of the S&P/TSX Composite Index and the S&P/TSX Oil & Gas Exploration & Production Index for the period commencing December 31, 2020 and ending December 31, 2025.

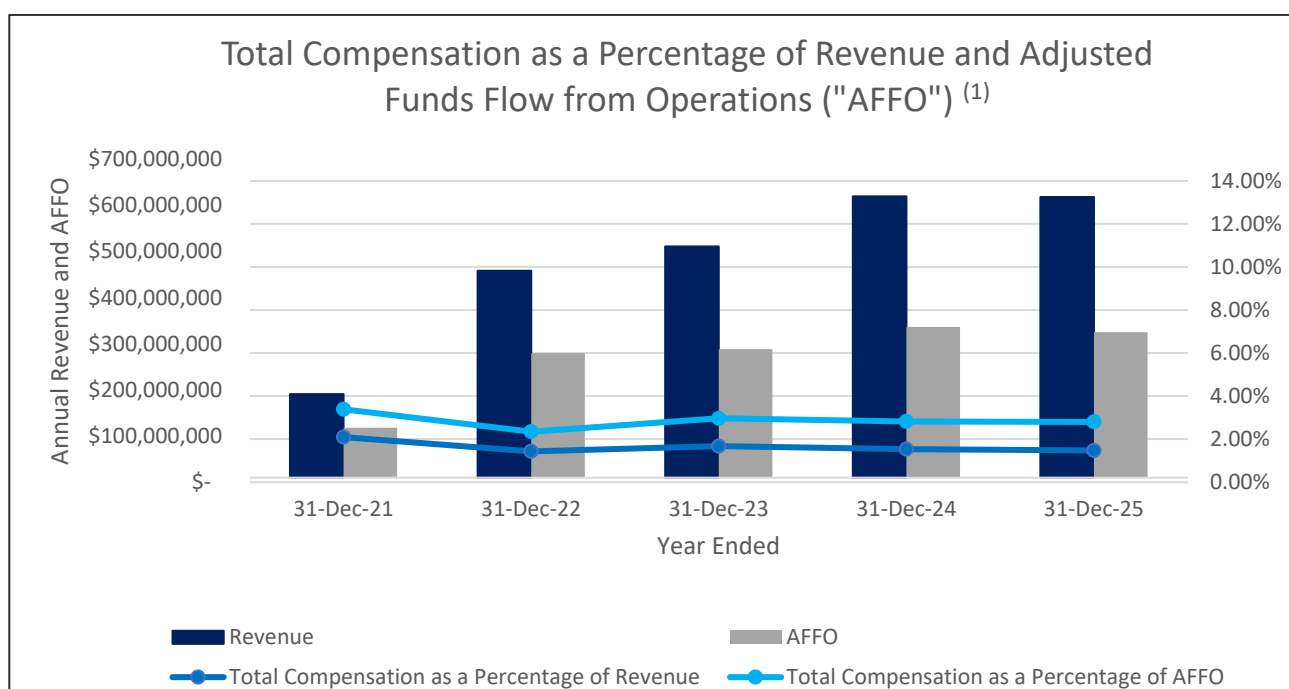


	2020/12/31	2021/12/31	2022/12/31	2023/12/31	2024/12/31	2025/12/31
Headwater Exploration Inc.	\$100	\$215	\$252	\$283	\$317	\$471
S&P/TSX Composite Index	\$100	\$125	\$118	\$132	\$160	\$211
S&P/TSX Oil & Gas Exploration & Production Index	\$100	\$191	\$294	\$321	\$359	\$407

As a result of the Corporation's operational success and certain other factors, including improved commodity pricing, as demonstrated in the above chart, the total Shareholder return of the Common Shares substantially increased during 2021. The total Shareholder return also increased in 2022, 2023 and 2024, however, partially due to the rapid rise in total Shareholder return in 2021, the increase in total Shareholder return was not as significant. In 2025, total Shareholder return saw a sharp rise. Prior to the end of 2022, the Corporation declared its first

quarterly dividend of \$0.10 per Common Share, with the dividend payable on January 16, 2023 to Shareholders of record on December 30, 2022. The Corporation continued to declare a quarterly dividend of \$0.10 per Common Share in both 2023 and 2024. Late in 2024, Headwater announced it would be increasing its quarterly dividend to \$0.11 per Common Share effective for the dividend to be paid out on April 15, 2025, to Shareholders of record at the close of business on March 31, 2025. In 2025, to expand on its return of capital strategy, Headwater repurchased approximately 1.05 million Common Shares for cancellation at an average price of \$7.30 per Common Share for total proceeds of \$7.7 million under its Normal Course Issuer Bid.

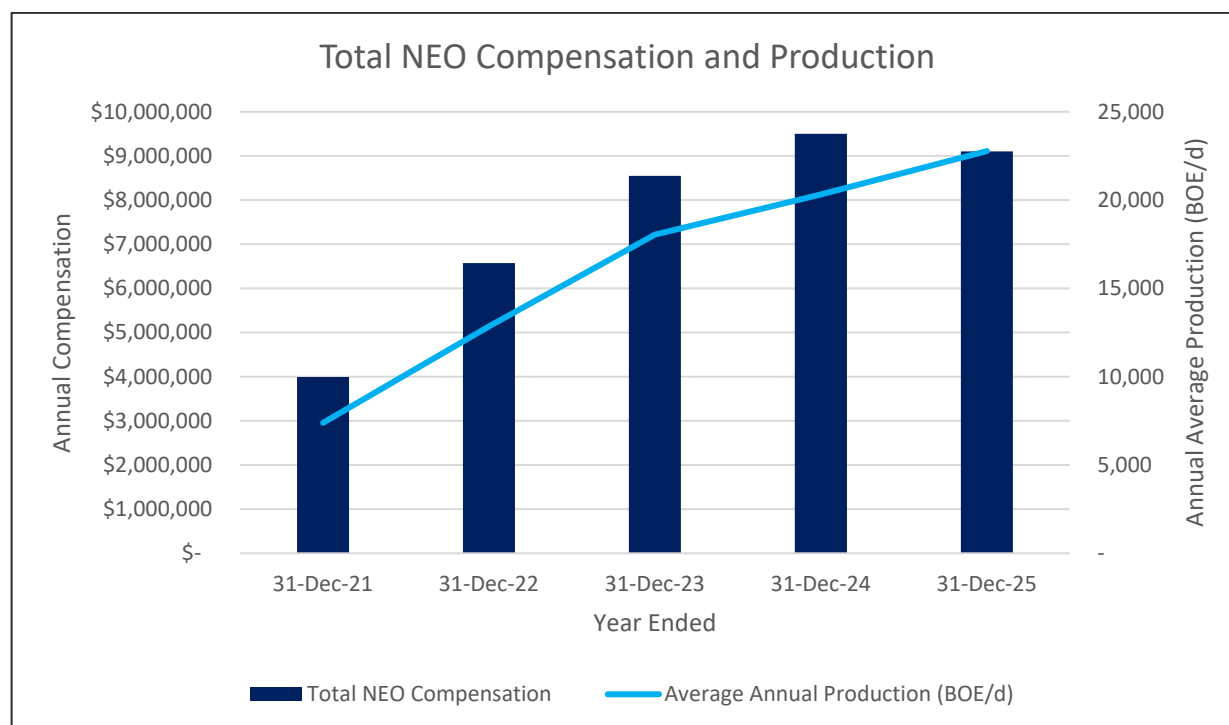
The following chart shows the Corporation's revenue and adjusted funds flow from operations in the years ended December 31, 2021 through December 31, 2025 as well as the total compensation of the Named Executive Officers as a percentage of the Corporation's revenue and adjusted funds flow from operations in such years.



(1) Non-GAAP financial measure. See "Advisories – Non-GAAP Financial Measures".

As demonstrated in the above chart, the total compensation of the Named Executive Officers as a percentage of revenue and adjusted funds flow from operations has remained low and relatively flat since December 31, 2021 (as a percentage of revenue (2021 – 2%, 2022 – 1%, 2023 – 2%, 2024 – 2%, 2025 – 1%) and adjusted funds flow from operations (2021 – 3%, 2022 – 2%, 2023 – 3%, 2024 – 3%, 2025 – 3%)).

The following chart shows the Corporation's total production (on a BOE basis) in the years ended December 31, 2021 through December 31, 2025 as well as the total compensation of the Named Executive Officers in such years.



The above chart demonstrates the significant expansion of the Corporation's production from 2021 to 2025, which resulted from the significant expansion of its operations in such years. In addition, the above chart demonstrates that, although there was an increase in the total compensation of the Named Executive Officers in 2021, 2022, 2023 and 2024 relative to the previous years, the increase in such total compensation was not as large as the increase in the total production of the Corporation. Total compensation of the Named Executive Officers decreased in 2025, as a result of a decrease to the Executive Chair's compensation (in 2025, Mr. Roszell received a bonus in line with Mr. Jaskela's and Mr. Roszell's Performance Awards grant represented half of the value of Mr. Jaskela's grant). As discussed under "*Executive Compensation – Compensation Discussion and Analysis*", the increase in compensation in 2021, 2022, 2023 and 2024 was directly linked to the fact that the Named Executive Officers were managing an entity with much larger operations relative to previous years and also a result of increases to the total compensation to bring the compensation of the Named Executive Officers more in line with the compensation programs of the Corporation's peers.

Summary Compensation Table

The following table sets forth for the years ended December 31, 2025, 2024 and 2023, information concerning the compensation paid to the Named Executive Officers.

Name and principal position	Year	Salary (\$)	Option-based awards (\$)	Share-based awards ⁽¹⁾ (\$)	Non-equity incentive plan compensation (\$)		All other compensation ⁽⁴⁾ (\$)	Total compensation (\$)
					Annual incentive plans ⁽²⁾ (\$)	Long-term incentive plans ⁽³⁾ (\$)		
Neil Roszell	2025	Nil	Nil	900,000	556,800	Nil	Nil	1,456,800
Executive	2024	Nil	Nil	1,700,000	729,000	Nil	Nil	2,429,000
Chair ⁽⁶⁾	2023	150,000	Nil	1,600,000	237,000	Nil	10,125	1,997,125
Jason Jaskela	2025	287,000	Nil	1,800,000	556,800	Nil	25,830	2,669,630
President and	2024	287,000	Nil	1,700,000	364,500	Nil	25,830	2,377,330
CEO ⁽⁶⁾	2023	350,000	Nil	1,300,000	553,000	Nil	23,625	2,226,625
Brad Christman	2025	287,000	Nil	900,000	445,400	Nil	25,830	1,658,230
COO	2024	287,000	Nil	800,000	291,600	Nil	25,830	1,404,430
	2023	270,000	Nil	550,000	298,620	Nil	18,225	1,136,845
Ali Horvath	2025	287,000	Nil	900,000	445,400	Nil	25,830	1,658,230
CFO	2024	71,750	Nil	800,000	72,900	Nil	6,458	951,108
	2023	300,000	Nil	760,000	379,200	Nil	20,250	1,459,450
Terry Danku	2025	287,000	Nil	900,000	445,400	Nil	25,830	1,658,230
Executive Vice	2024	287,000	Nil	600,000	255,100	Nil	25,830	1,167,930
President	2023	270,000	Nil	550,000	298,620	Nil	18,225	1,136,845

- (1) The share-based awards granted in 2023, 2024 and 2025 to the NEOs were Performance Awards under the Award Plan. The compensation reported under share-based awards in 2023, 2024 and 2025 is the value of Performance Awards granted to the Named Executive Officer. The value of Performance Awards is based on the number of Performance Awards granted multiplied by the volume weighted average trading price per Common Share on the TSX for the five trading days of the grant. This methodology for calculating the fair value of the Performance Awards on the grant date is consistent with the initial fair value determined in accordance with IFRS 2. A Payout Multiplier of 1.0 is assumed for all share-based award grants.
- (2) Half of the bonus amounts in respect of 2023 performance was paid in December 2023 based on a 1.0 payout pursuant to the STIP scorecard with the remainder paid in March 2024 based on a 1.58 payout pursuant to the STIP scorecard. Half of the bonus amounts for 2024 performance was paid in December 2024 based on a 1.0 payout pursuant to the STIP scorecard with the remainder paid in March 2025 based on a 1.27 payout pursuant to the STIP scorecard. Half of the bonus amounts for 2025 performance was paid in December 2025 based on a 1.0 payout pursuant to the STIP scorecard with the remainder paid in March 2026 based on a 1.94 payout pursuant to the STIP scorecard.
- (3) The Corporation did not have any non-equity long-term incentive plans in place for executive officers.
- (4) Amounts under "All other compensation" include contributions by the Corporation to the ESPP on behalf of the Named Executive Officers. Certain perquisites have not been included in the above table as the aggregate value of such perquisites per Named Executive Officer are not worth more than \$50,000 or 10% of such Named Executive Officer's salary. For executive officers, the ESPP became effective April 1, 2023.
- (5) The Corporation does not provide any pension benefits.
- (6) None of the compensation received by Messrs. Roszell or Jaskela were attributable to their roles as directors of the Corporation.

Incentive Plan Awards

The Corporation's long-term incentive program for Named Executive Officers consists of Performance Awards granted under the terms of the Award Plan. For a description of the Award Plan see Schedule A hereto.

In 2025, short-term non-equity compensation for the Named Executive Officers consisted of cash bonuses. See "Compensation Discussion and Analysis – 2025 Compensation Program – 2025 Short-Term Incentive Cash Bonus Plan".



Outstanding Option-based and Share-based Awards

The following table sets forth for each Named Executive Officer, all option-based awards and share-based awards outstanding as at December 31, 2025.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised Options (# of Common Shares)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money Options (\$)	Number of share-based awards that have not vested (#)	Market or payout value of share-based awards that have not vested ⁽¹⁾ (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$) ⁽²⁾
Neil Roszell Executive Chair	Nil	N/A	N/A	N/A	659,930	9,900,717	Nil
Jason Jaskela President CEO	Nil	N/A	N/A	N/A	736,629	10,146,314	Nil
Brad Christman COO	Nil	N/A	N/A	N/A	344,771	4,629,239	Nil
Ali Horvath CFO	Nil	N/A	N/A	N/A	386,943	5,435,603	Nil
Terry Danku Executive Vice President	Nil	N/A	N/A	N/A	316,885	4,335,733	Nil

- (1) All share-based awards granted to the Named Executive Officers are Performance Awards calculated based on the closing price of the Common Shares on the TSX on December 31, 2025 of \$9.37 multiplied by the number of number of Common Shares underlying the Performance Awards after adjusting for dividends paid while such Performance Awards have been outstanding in accordance with the terms of the Award Plan. For the purposes of the calculation, a Payout Multiplier of 2.0 has been assumed for the Performance Awards that vest in March of 2026, while 1.0 has been assumed with respect to the remainder of Performance Awards. Performance Awards generally vest on the third anniversary of the date of grant.

- (2) There were no vested Awards held by any Named Executive Officer as at December 31, 2025.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth, for each Named Executive Officer, the value of option-based awards and share-based awards that vested during the year ended December 31, 2025 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2025.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year ⁽¹⁾ (\$)	Non-equity incentive plan compensation – Value earned during the year ⁽²⁾ (\$)
Neil Roszell	N/A	3,014,955	556,800
Jason Jaskela	N/A	1,910,233	556,800
Brad Christman	N/A	907,015	445,400
Ali Horvath	N/A	1,406,626	445,400
Terry Danku	N/A	907,015	445,400

- (1) All share-based awards vested are Performance Awards calculated based on the volume weighted average trading price of the Common Shares on the TSX for the five trading days immediately preceding the vest date, multiplied by the number of Common Shares underlying the Performance Awards after adjusting for dividends paid while such Performance Awards have been outstanding



in accordance with the terms of the Award Plan. A Payout Multiplier of 1.85 has been used. Performance Awards generally vest on the third anniversary of the date of grant.

- (2) Half of the bonus amounts in respect of 2025 performance was paid in December 2025 based on a 1.0 payout pursuant to the STIP scorecard with the remainder paid in March 2026 based on a 1.94 payout pursuant to the STIP scorecard.

Pension Plan Benefits

The Corporation does not have a pension plan or similar benefit program.

Termination and Change of Control Benefits

The Corporation does not have any employment agreements, change of control agreement or other arrangements with the Named Executive Officers that provide for payments in connection with termination, resignation, change of control or a change in the NEO's responsibilities.

Under the terms of the Award Plan, if a Change of Control (as defined in the Award Plan) occurs and: (i) if a Named Executive Officer is terminated without cause in connection with such Change of Control or within six (6) months following the Change of Control; or (ii) if within six (6) months such Named Executive Officer voluntarily resigns for an event or events which constitute Good Reason (as defined in the Award Plan), the outstanding Performance Awards held by such Named Executive Officer shall vest and the Payout Multiplier with respect to Performance Awards held by such Named Executive Officer shall be determined by the Board, acting reasonably.

The following table shows the number of Awards held by our Named Executive Officers and the value of such Awards as at December 31, 2025, demonstrating the value of the acceleration of unvested Awards held by the Named Executive Officers if a Change of Control (as defined in the Award Plan) had occurred on December 31, 2025 and if each Named Executive Officer was terminated on such date in connection with such Change of Control.



Name	Value of unvested Performance Awards as at December 31, 2025 ⁽¹⁾ (\$)
Neil Roszell	9,900,717
Jason Jaskela	10,146,314
Brad Christman	4,629,239
Ali Horvath	5,435,603
Terry Danku	4,335,733

- (1) Calculated based on the closing price of the Common Shares on the TSX on December 31, 2025 of \$9.37 multiplied by the number of Common Shares underlying the Performance Awards after adjusting for dividends paid while such Performance Awards have been outstanding in accordance with the terms of the Award Plan. For the purposes of the calculation, a Payout Multiplier of 2.0 has been assumed for the Performance Awards that vest in March of 2026, while 1.0 has been assumed with respect to the remainder of Performance Awards.

OTHER INFORMATION

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth information in respect of securities authorized for issuance under the Corporation's equity compensation plans as at December 31, 2025.

Plan Category	Number of securities to be issued upon exercise of outstanding Options, warrants and rights (a)	Weighted average exercise price of outstanding Options, warrants and rights (\$) (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders			
Award Plan ⁽¹⁾	4,172,145	N/A	6,527,184
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	4,172,145	N/A	6,527,184

- (1) As at December 31, 2025, Awards could be granted under the Award Plan in respect of Common Shares provided that the aggregate number of Common Shares reserved for issuance under the Award Plan did not exceed 4.5% of the aggregate number of issued and outstanding Common Shares. See Schedule A for a summary of the terms of the Award Plan.

Annual Burn Rate Under Equity Compensation Plans

The following table sets forth the number of Awards granted during the periods noted below and the potential dilutive effect of such Awards.

Period	Number of Awards Granted	Weighted Average Common Shares Outstanding	Burn Rate ⁽¹⁾ (%)
2025	1,693,759 ⁽²⁾⁽³⁾	237,877,051	0.7
2024	1,406,637 ⁽²⁾⁽³⁾	236,386,039	0.6
2023	1,373,864 ⁽²⁾⁽³⁾	235,582,860	0.6

- (1) The burn rate for a given period is calculated by dividing the number of Awards granted during such period by the weighted average number of Common Shares outstanding during such period.
- (2) Includes both Performance Awards and Restricted Awards granted under the Award Plan. A Payout Multiplier of 1.0 has been assumed for the purposes of the Performance Awards.
- (3) Awards do not include an adjustment for dividends paid on the Common Shares.

For further information regarding the outstanding Awards held by the Named Executive Officers as at December 31, 2025, see "Executive Compensation – Incentive Plan Awards – Outstanding Option-based and Share-based Awards".

Indebtedness of Directors and Executive Officers

No person who is or has been a director or executive officer of the Corporation at any time since the beginning of the year ended December 31, 2025, nor any proposed nominee for election as a director of the Corporation,



nor any associate or affiliate of any one of them, is or was indebted to (i) the Corporation or (ii) another entity where such indebtedness is or was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or its subsidiary, in either case at any time since the beginning of the year ended December 31, 2025.

Interest of Informed Persons in Material Transactions

There were no material interests, direct or indirect, of directors, nominees for director or executive officers of the Corporation, or any Shareholder who beneficially owns, directly or indirectly, or exercises control or direction over greater than 10% of the outstanding Common Shares, or any other Informed Person (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) or any known associate or affiliate of such persons, in any transaction since the commencement of the last completed financial year of the Corporation or in any proposed transaction which has materially affected or would materially affect the Corporation.

Interest of Certain Persons or Companies in Matters to be Acted Upon

Management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership or otherwise of any director or nominee for director, or executive officer of the Corporation, or anyone who has held office as such since the beginning of the Corporation's last completed financial year, or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting, other than the election of directors.

Additional Information

Additional information relating to the Corporation is available on SEDAR+ at www.sedarplus.ca. Financial information in respect of the Corporation and its affairs is provided in the Corporation's annual audited comparative financial statements for the year ended December 31, 2025 and the related management's discussion and analysis. Copies of the Corporation's financial statements and related management's discussion and analysis are available upon request from the Corporation at phone number (587) 391-3680 and on the Corporation's website at www.headwaterexp.com.

Other Matters

Management knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Annual Meeting. However, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

ADVISORIES

Forward-Looking Information and Statements

This Information Circular contains forward-looking information and statements (collectively, "forward-looking statements"). These forward-looking statements relate to future events or our future performance. All information and statements other than statements of historical fact contained in this document are forward-looking statements. Such forward-looking statements may be identified by looking for words such as "approximately", "may", "believe", "expects", "will", "intends", "should", "could", "plan", "budget", "potential", "anticipates", "estimates", "objective", "ongoing", "continues", "sustainability" or similar words or the negative thereof or other comparable terminology suggesting future outcomes or statements that actions, events or conditions "may", "would", "could" or "will" be taken or occur in the future, including statements about our strategy, plans, focus, objectives, priorities and position. In particular, and without limiting the generality of the foregoing, this Information Circular contains forward-looking statements with respect to: expectations regarding superior corporate level returns, sustainability, asset quality and balance sheet strength; the continued growth of Headwater; our corporate strategy, directives and goals; our compensation plans and policies, including but not limited to, the aims, objectives and metrics established in respect thereof and future issuances thereunder; expectations regarding future incentive grants; the effectiveness of the Corporation's compensation plans; our diversity plans with respect to our Board and management; procedures regarding Board orientation and continuing education; expectations regarding the sufficiency of the skills and experience of current and future directors and officers of Headwater; expectations of the CG&C Committee and the Board, including but not limited to, taking a proactive approach to Board and executive officer succession, that there are successor candidates within the organization for executive officers, the plans for succession for the CEO in certain circumstances, and actions to be taken under the Majority Voting Policy in certain circumstances; the Corporation's cyber security infrastructure, including but not limited to, corporate policies and training and the development, improvement and effectiveness thereof; the intentions of the ES&S Committee relating to sustainability-related matters and targets, including but not limited to, with respect to compensation, emissions, water usage, land reclamations, minimization of spills, Indigenous consultations, health, safety and other environmental matters; Headwater's dividend policy and the future payment of dividends; the intention to continue to evaluate legislation relating to disclosure on environmental matters; and the intent of management and the Board to provide Shareholders and other stakeholders with meaningful disclosure on risks related to climate change both physical and transitional in nature, in view of plausible future scenarios.

The forward-looking statements are based on certain key expectations and assumptions made by our management, including: that we will continue to conduct our operations in a manner consistent with past operations; the general continuance or improvement in current industry conditions; the continuance of existing (and in certain circumstances, the implementation of proposed) tax, royalty and regulatory regimes; expectations and assumptions concerning prevailing commodity prices, exchange rates, interest rates, applicable royalty rates and tax laws; future inflation rates, and the impact of inflation on our costs and profitability; future production rates and estimates of operating costs (and the impact of inflation thereon); performance of existing and future wells; reserve volumes; anticipated timing and results of capital expenditures; the success obtained in drilling new wells; the sufficiency of budgeted capital expenditures in carrying out planned activities; the timing, location and extent of future drilling operations; the state of the economy and the exploration and production business; results of operations and performance; business prospects and opportunities; the availability and cost of financing, labour and services (and the impact of inflation thereon); the impact of increasing competition; ability to efficiently



integrate assets and employees acquired through acquisitions; that Headwater will have sufficient financial resources to pay a dividend in the future; that the Board will declare dividends in the future; and our ability to access capital and the cost and terms thereof. Although we believe that the expectations and assumptions on which such forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because no assurance can be given 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. These include, but are not limited to: the risks associated with the oil and gas industry in general such as operational risks in development, exploration and production; the risks to the Corporation's business relating to (i) tariffs and other trade measures that have been or may be implemented or changed by the U.S. and Canadian governments, and (ii) the upcoming USMCA review; risks to the global economy based on the U.S., Israel and Iran war and the blocking of transport through the Strait of Hormuz; pandemics and epidemics; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of estimates and projections relating to reserves, production, costs and expenses (particularly in an environment with high inflation); health, safety and environmental risks; commodity price and exchange rate fluctuations; interest rate fluctuations; the continuation of high inflation rates (or further increases to inflation rates) and the resulting impact on our costs and profitability; marketing and transportation; loss of markets; competition; incorrect assessment of the value of acquisitions; failure to complete or realize the anticipated benefits of acquisitions or dispositions; ability to access sufficient capital from internal and external sources on acceptable terms or at all; failure to obtain required regulatory and other approvals; reliance on third parties and pipeline systems; the risk that the Corporation may not provide superior corporate level returns, sustainability, asset quality or balance sheet strength; risks associated with the Russian-Ukrainian conflict; the risk that the Corporation may not have sufficient financial resources in the future to pay a dividend; the risk that the Board may not declare dividends in the future or that Headwater's dividend policy changes; and changes in legislation, including but not limited to tax laws, royalties and environmental regulations. Our actual results, performance or achievement could differ materially from those expressed in, or implied by, the forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that we will derive therefrom. Management has included the above summary of assumptions and risks related to forward-looking statements provided in this Information Circular in order to provide Shareholders with a more complete perspective on our future operations and such information may not be appropriate for other purposes. Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other factors that could affect our operations or financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR+ website at www.sedarplus.ca.

These forward-looking statements are made as of the date of this Information Circular and we disclaim any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

Non-GAAP Financial Measures

This Information Circular includes various specified financial measures, including capital management and supplementary financial measures as further described below. These measures do not have a standardized meaning prescribed by International Financial Reporting Standards ("IFRS" or, alternatively, "GAAP") and, therefore, may not be comparable with the calculation of similar measures by other companies.



"Adjusted funds flow from operations" is a capital management measure. For further information and a detailed calculation of adjusted funds flow from operations, see the information under the heading "Capital Management Measures" starting on page 22 of our management's discussion and analysis for the year ended December 31, 2025 ("Annual MD&A"), which information is incorporated herein by reference. Our Annual MD&A is available on our SEDAR+ profile at www.sedarplus.ca and was filed on March 5, 2026 under the category "MD&A - English".

"Adjusted funds flow netback" is a non-GAAP ratio. Adjusted funds flow netback is calculated as adjusted funds flow from operations divided by sales volumes.

"G&A per BOE" is a supplementary financial measure. G&A per BOE is calculated as G&A divided by sales volumes.

"Operating and transportation expense per BOE" is a supplementary financial measure. Operating and transportation expense per BOE is calculated as operating expense (also referred to as production expense) plus transportation expense divided by sales volumes.

Oil and Gas Advisories

This Information Circular contains metrics commonly used in the oil and natural gas industry which have been prepared by management, such as "PDP Recycle Ratio", "TPP Recycle Ratio", "F&D costs on a BOE basis" and "FD&A costs on a BOE basis".

The F&D cost on a BOE basis calculation includes all capital expenditures (exploration and development) for that period plus the change in future development capital ("**FDC**") for that period. This total capital including the change in the FDC is then divided by the change in reserves for that period incorporating all revisions and production for that same period.

The FD&A cost on a BOE basis calculation includes all capital expenditures (exploration, development and acquisitions) for that period plus the change in FDC for that period. This total capital including the change in the FDC is then divided by the change in reserves for that period incorporating all revisions and production for that same period.

PDP Recycle Ratio is calculated as the Corporation's adjusted funds flow netback divided by F&D costs for proved developed producing reserves on a BOE basis or FD&A costs on a BOE basis, as applicable. TPP Recycle ratio is calculated as the Corporation's adjusted funds flow netback divided by F&D costs for proved plus probable reserves on a BOE basis or FD&A costs on a BOE basis, as applicable.

These terms do not have a standardized meaning and may not be comparable to similar measures presented by other companies, and therefore should not be used to make such comparisons. Management uses these oil and gas metrics for its own performance measurements and to provide Shareholders with measures to compare our operations over time. Readers are cautioned that the information provided by these metrics, or that can be derived from the metrics presented in this Information Circular, should not be relied upon for investment or other purposes.

BOE Presentation

To provide a single unit of production for analytical purposes, natural gas production is converted mathematically to equivalent barrels of oil ("**BOE**"). We use the industry-accepted standard conversion of six thousand cubic feet



of natural gas to one BOE (6 Mcf = 1 BOE). The 6:1 BOE ratio is based on an energy equivalency conversion method primarily applicable at the burner tip. It does not represent a value equivalency at the wellhead and is not based on either energy content or current prices. While the BOE ratio is useful for comparative measures and observing trends, it does not accurately reflect individual product values and might be misleading, particularly if used in isolation.

In addition, the Corporation has disclosed certain historic annual and fourth quarter production volumes on a BOE basis in this Information Circular. For a breakdown of the product types associated with such production volumes, see the Corporation's management's discussion and analysis for each of the relevant years ended, which are available on the Corporation website at www.headwaterexp.com and on SEDAR+ at www.sedarplus.ca.



Schedule A

2022 Award Plan Summary

Capitalized terms not otherwise defined shall have the meaning ascribed to such terms in the management information circular (the "Information Circular") of Headwater Exploration Inc. (the "Corporation") dated April 2, 2026 to which this Schedule A is attached.

On March 10, 2022, the Board approved the adoption by the Corporation of the Award Plan. As the Award Plan is a security-based compensation arrangement (as defined in the TSX Company Manual), the Shareholders are required to ratify the adoption of the Award Plan every three years. The Shareholders ratified and approved the adoption of the Award Plan at the annual and special meeting of the Shareholders held on May 8, 2025.

A copy of the Award Plan is available under the Corporation's SEDAR+ profile at www.sedarplus.ca under the heading "Other" on April 8, 2025. The following description of the Award Plan is qualified, in its entirety, by the terms of the Award Plan. Capitalized terms used in this Schedule A and not otherwise defined in the Information Circular are defined in the Award Plan.

The purpose of the Award Plan is to promote a proprietary interest in the Corporation and greater alignment of interests between officers, employees and consultants of the Corporation and the Shareholders, provide a compensation system for such officers, employees and consultants that is reflective of their responsibility and to assist the Corporation in attracting and retaining experienced individuals. The Award Plan is administered by the Board (which may delegate its authority to the CG&C Committee or other committee), which has authority to interpret the Award Plan, including any questions in respect of any Awards granted thereunder. The Awards granted thereunder are not assignable.

Under the Award Plan, Awards may be granted in respect of Common Shares provided that the aggregate number of Common Shares reserved for issuance under the Award Plan does not exceed 4.5% of the aggregate number of issued and outstanding Common Shares (the "Award Limit"). The Corporation does not have any other Security Based Compensation Arrangements (as defined in the Award Plan) that permit the Corporation to issue Common Shares as compensation to directors, officers, employees and consultants of the Corporation.

Notwithstanding any other provision in the Award Plan, Awards may be granted to officers, employees and consultants of the Corporation (each, an "Award Grantee") provided: (i) the number of Common Shares issuable to Insiders at any time, under all Security Based Compensation Arrangements, including the Award Plan, shall not exceed 10% of the issued and outstanding Common Shares; and (ii) the number of Common Shares issued to Insiders within any one year period, under all Security Based Compensation Arrangements, including the Award Plan, shall not exceed 10% of the issued and outstanding Common Shares. Directors who are not employees of the Corporation or any subsidiary of the Corporation are not eligible to receive Awards under the Award Plan.

Awards initially have a notional value equivalent to the value of a Common Share.

Performance Awards

Performance Awards vest on the later of the completion of the Performance Period applicable to such Performance Award and the third anniversary of the date of grant of such Performance Award and are paid out on the vesting date, unless otherwise determined by the Board at the time of grant and subject to certain other events described



below. No payment may be made upon settlement of the Performance Awards on a date following the Expiry Date. At the time of payout, the Board will apply the Payout Multiplier to the Performance Awards which may increase or decrease the number of Common Shares underlying such Performance Awards. The Payout Multiplier may range from zero to 2.0 and will be based on Headwater's performance during the Performance Period. For details on how the Payout Multiplier is calculated see "Executive Compensation – 2025 Compensation Program – 2025 Long-Term Incentive Program" in the Information Circular. The Board's intention is that the executive officers will only receive Performance Awards under the Award Plan, with the exception of newly appointed executive officers who may receive Restricted Awards in addition to Performance Awards, and the Performance Awards may also be granted to employees and consultants of the Corporation in combination with Restricted Awards.

Upon vesting, at the election of the Board, each Performance Award will be paid out in cash, by the issuance of Common Shares from treasury or by Common Shares purchased through the facilities of the TSX (or a combination thereof). If paid out in cash, each Performance Award will have a value equal to the volume weighted average trading price of the Common Shares on the TSX for five trading days immediately prior to the payment date multiplied by the number of Common Shares underlying the Award, as adjusted for the Payout Multiplier and dividends paid on the Common Shares while such Performance Award was outstanding. If the Board elects to pay out the Performance Awards in Common Shares, Headwater will issue the number of fully paid and non-assessable Common Shares underlying such Performance Awards as adjusted for the Payout Multiplier and dividends paid on the Common Shares while such Performance Awards were outstanding.

Restricted Awards

Restricted Awards vest on the first, second and third anniversaries of the date of grant, and are paid out on the vesting date, unless otherwise determined by the Board at the time of grant, and subject to certain other events described below. No payment may be made upon settlement of the Restricted Awards on a date following the Expiry Date. The Board's intention is that Restricted Awards will only be granted to employees and consultants of the Corporation, with the exception of newly appointed executive officers who may receive Restricted Awards in addition to Performance Awards.

Upon vesting, at the election of the Board, each Restricted Award will be paid out in cash, by the issuance of Common Shares from treasury or by Common Shares purchased through the facilities of the TSX (or a combination thereof). If paid out in cash, each Restricted Award will have a value equal to the volume weighted average trading price of the Common Shares on the TSX for five trading days immediately prior to the payment date multiplied by the number of Common Shares underlying the Restricted Award, as adjusted for dividends paid on the Common Shares while such Restricted Award was outstanding. If the Board elects to pay out the Restricted Awards in Common Shares, Headwater will issue the number of fully paid and non-assessable Common Shares underlying such Restricted Awards as adjusted for dividends on the Common Shares while such Restricted Awards were outstanding.

Termination and Cessation of Award Grantee

Under the Award Plan, in case of an Award Grantee's death, Headwater will make a cash payment or issue Common Shares to such Award Grantee's legal representatives in respect of any Awards held by the Award Grantee regardless of whether such Awards have vested or not as of the date of death of the Award Grantee and the Payout Multiplier applicable to any Performance Award held by the Award Grantee at the time of death shall be



determined by the Board in its sole discretion. In addition, if an Award Grantee ceases to be an officer, employee or consultant of Headwater for any reason other than death of the Award Grantee, all Awards granted to such Award Grantee under the Award Plan which have not otherwise vested will be terminated and all rights to receive payments thereunder will be forfeited by the Award Grantee as at the date such Award Grantee ceased to be an officer, employee or consultant (the "Termination Date") of the Corporation. These provisions are subject to any alternative arrangements that may be contained in a separate Award agreement or employment agreement between the Corporation and a particular Award Grantee.

Change of Control

The Award Plan contains a "double trigger" in the event of a Change of Control. If a Change of Control occurs prior to the date on which the Corporation pays cash or issues Common Shares to the Award Grantee in respect of an outstanding Award and the Award Grantee is terminated without cause in connection with such Change of Control or within six (6) months following such Change of Control, the Payment Date for all such Awards held by the Award Grantee (regardless of whether the vesting date has occurred) shall be the Termination Date and the Payout Multiplier shall be determined by the Board acting reasonably. Alternatively, if within six (6) months following a Change of Control, the Award Grantee voluntarily resigns for an event or events that constitute Good Reason (Good Reason includes any event that might constitute constructive dismissal), the Payment Date for all such Awards held by the Award Grantee (regardless of whether the vesting date has occurred) shall be the Termination Date and the Payout Multiplier shall be determined by the Board acting reasonably.

If the Corporation completes a transaction or a series of transactions whereby the Corporation, substantially all of the Common Shares or substantially all of the Corporation's property or assets become the property or assets of another person (the "Continuing Entity") the Corporation and the Continuing Entity shall take all necessary steps prior to or contemporaneously with the consummation of such transaction(s) to ensure all Awards remain outstanding following the completion of the transactions and the Continuing Entity will assume all covenants and obligations of the Corporation under the Award Plan, the outstanding Awards and the Award agreements in a manner that preserves and does not impair the rights of the recipients in any material respect, and the Continuing Entity may exercise every right and power of the Corporation under the Award Plan, and Headwater shall be relieved of its obligations thereunder.

Amendments to Award Plan

Pursuant to the terms of the Award Plan, the Board may, at any time, without the approval of the Shareholders, suspend, discontinue or amend the Award Plan or an Award made thereunder provided that unless a holder of Awards otherwise agrees, the Board may not suspend, discontinue or amend the Award Plan or amend any outstanding Award in a manner that would adversely alter or impair any Award previously granted to such holder. Further, the Board may not, without the consent of the Shareholders, amend the Award Plan or an Award to: (i) increase the percentage of issued and outstanding Common Shares that are available to be issued pursuant to granted and outstanding Awards; (ii) increase the Common Shares that may be issued to Insiders of the Corporation under the Award Plan; (iii) permit non-management directors to be eligible recipients under the Award Plan or in any other way permit non-management directors to become eligible to receive Awards under the Award Plan; (iv) extend the Expiry Date of any Award granted under the Award Plan; (v) permit the transfer or assignment of Awards; or (vi) amend the amendment provisions of the Award Plan.



Award Limit

As at April 2, 2026, the Corporation had 3,444,946 Performance Awards entitling the holders to receive 3,710,238 Common Shares (after adjustment for dividends and assuming a Payout Multiplier of 1.0) and 376,775 Restricted Awards entitling the holders to receive 401,208 Common Shares (after adjustment for dividends) (representing in aggregate approximately 1.7% of the outstanding Common Shares) leaving up to 6,587,883 Common Shares (representing approximately 2.8% of the outstanding Common Shares) available for future grants under the Award Plan, based on the number of outstanding Common Shares as at that date. There is no limit in the Award Plan as to the number of Awards any individual Award Grantee may receive (subject to the other limits in the Award Plan).

Schedule B

Mandate of the Board of Directors

1. **General** - The Board of Directors (the "**Board**") of Headwater Exploration Inc. (the "**Corporation**" or "**Headwater**") is responsible for the stewardship of the Corporation. In discharging its responsibility, the Board will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and will act honestly and in good faith with a view to the best interests of Headwater. In general terms, the Board will:
 - (a) in consultation with the President and Chief Executive Officer of the Corporation (the "CEO"), define the principal objectives of Headwater;
 - (b) supervise the management of the business and affairs of Headwater with the goal of achieving Headwater's principal objectives as developed in association with the CEO;
 - (c) discharge the duties imposed on the Board by applicable laws; and
 - (d) for the purpose of carrying out the foregoing responsibilities, take all such actions as the Board deems necessary or appropriate.
2. **Specific** - Without limiting the foregoing, the Board as determined to be appropriate, will endeavour to perform the following duties:

Executive Team Responsibility

- (a) appoint the CEO and senior officers, approve their compensation, and monitor the CEO's performance against a set of mutually agreed corporate objectives directed at maximizing shareholder value and stakeholder outcomes;
- (b) in conjunction with the CEO, develop a clear mandate for the CEO, which includes a delineation of management's responsibilities;
- (c) establish processes as required that adequately provides for succession planning, including the appointing, training and monitoring of senior management;
- (d) establish limits of authority delegated to management;

Operational Effectiveness and Financial Reporting

- (e) annual review and adoption of a strategic planning process and approval of Headwater's strategic plan, which takes into account, among other things, the opportunities and risks of the business;
- (f) establish or cause to be established systems to identify the principal risks to Headwater and that the best practical procedures are in place to monitor and mitigate the risks;
- (g) consider or cause to be considered the implications of risk associated with Headwater's compensation policies and practices;

- (h) endeavour to establish or cause to be established processes to address applicable regulatory, corporate, securities and other compliance matters;
- (i) establish or cause to be established an adequate system of internal control and management information systems;
- (j) establish or cause to be established due diligence processes and appropriate controls with respect to applicable certification requirements regarding Headwater's financial and other disclosure;
- (k) review and approve Headwater's financial statements and oversee Headwater's compliance with applicable audit, accounting and reporting requirements;
- (l) approve annual operating and capital budgets;
- (m) review and consider for approval all amendments or departures proposed by management from established strategy, capital and operating budgets;
- (n) review operating and financial performance results relative to established strategy, budgets and objectives;

Cyber Security

- (o) consider or cause to consider the technology and system risks associated with the Corporation's operations, including potential breakdown, invasion, virus, cyber-attack, cyber-fraud, security breach, and destruction or interruption of the Corporation's information technology systems by third parties or internal personnel and the associated potential data recovery mechanisms;

Environmental, Health, Safety, Climate and Sustainability

- (p) establish or cause to be established fundamental policies pertaining to environment, health and safety to minimize environmental, occupational health and safety and other risks to asset value and mitigate damage to or deterioration of asset value;
- (q) establish or cause to be established systems for regular review of the Corporation's performance relating to environment, health and safety matters and steps taken to remedy or mitigate environment, health and safety risks;
- (r) oversee the Corporation's policies, procedures, practises and strategies relating to social and climate related issues and other sustainability matters to ensure due consideration of risks, opportunities and potential performance improvement relating thereto;

Integrity/Corporate Conduct

- (s) establish a communications policy or policies to ensure that a system for corporate communications to all salient stakeholders exists, including processes for consistent, transparent, regular and timely public disclosure, and to facilitate feedback from stakeholders;

- (t) approve a Business Conduct & Ethics Practice for directors, officers and employees and monitor compliance with the Practice and approve any waivers of the Practice for officers and directors;
- (u) to the extent feasible, satisfy itself as to the integrity of the Executive Chair, CEO and other executive officers of the Corporation and that the Executive Chair, CEO and other executive officers create a culture of integrity throughout Headwater;

Human Rights

- (v) approve policies and procedures relating to ensuring the Corporation maintains high ethical standards and respect for human rights;
- (w) to review and satisfy itself that management has adequate procedures in place for reporting and meeting its obligations under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Canada);

Board Process/Effectiveness

- (x) endeavour to ensure that Board materials are distributed to directors in advance of regularly scheduled meetings to allow for sufficient review of the materials prior to the meeting;
- (y) engage in the process of determining Board member qualifications with the Corporate Governance and Compensation Committee including ensuring that a majority of directors qualify as independent directors pursuant to National Instrument 58-101- Disclosure of Corporate Governance Practices (as implemented by the Canadian Securities Administrators and as amended from time to time) and that the appropriate number of independent directors are on each committee of the Board as required under applicable securities rules and requirements;
- (z) approve the nomination of directors;
- (aa) provide or cause to be provided a comprehensive orientation to each new director;
- (bb) establish an appropriate system of corporate governance including practices to ensure the Board functions independently of management;
- (cc) establish appropriate practices for the regular evaluation of the effectiveness of the Board, its committees and its members;
- (dd) establish committees and approve their respective mandates and the limits of authority delegated to each committee;
- (ee) review and re assess the adequacy of the mandate of the committees of the Board on a regular basis, but not less frequently than on an annual basis; and
- (ff) review the adequacy and form of the directors' compensation to ensure it realistically reflects the responsibilities and risks involved in being a director.

3. **Administrative Matters:** The following general provisions shall have application to the Board:

- (a) the Board may delegate its duties to and receive reports and recommendations from any committee of the Board; and
- (b) subject to terms of any corporate disclosure policy and other policies and procedures of Headwater, the Executive Chair of the Board (if any) or the Lead Independent Director (if any), when appropriate, will act as a liaison between stakeholders of Headwater and the Board (including independent members of the Board).
- (c) a majority of Board members should be "independent" directors as such term is defined in National Instrument 58-101 – *Disclosure of Corporate Governance Practices*;
- (d) each director shall disclose any conflict of interest the director may have in relation to any material contract or material transaction or a proposed material contract or proposed material transaction involving the Corporation to the Board as soon as practicably possible (and in no event no later than the commencement of the next Board meeting) after becoming aware of such conflict of interest in accordance with the provisions of the Business Corporations Act (Alberta);
- (e) on at least an annual basis, the Board shall conduct an analysis and make a positive affirmation as to the "independence" of a majority of its Board members;
- (f) members should have or obtain sufficient knowledge of Headwater and the oil and gas business to assist in providing advice and counsel on relevant issues.
- (g) the Board shall meet at least four times per year and/or as deemed appropriate by the Executive Chair and/or the Lead Independent Director;
- (h) the Lead Independent Director may convene meetings of the independent directors in the absence of the Executive Chair and the CEO if deemed appropriate to do so;
- (i) minutes of each meeting shall be prepared by the Corporate Secretary to the Board;
- (j) members should review materials prior to meetings to ensure that they have sufficient knowledge in providing advice and counsel on relevant issues;
- (k) the CEO or his designate(s) may be present at all meetings of the Board; and
- (l) the Chief Operating Officer, Chief Financial Officer, Vice Presidents and such other staff as appropriate to provide information to the Board shall attend meetings at the invitation of the Board.
- (m) following each meeting, the Corporate Secretary will promptly report to the Board by way of providing draft copies of the minutes of the meetings;
- (n) supporting schedules and information reviewed by the Board at any meeting shall be available for examination by any Director upon request to the CEO;



- (o) the Board shall have the authority to review any corporate report or material and to investigate activity of the Corporation and to request any employees to cooperate as requested by the Board; and
- (p) the Board may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities at the expense of Headwater.

Nothing contained in this mandate is intended to expand applicable standards of liability under statutory, regulatory, common law or any other legal requirements for the Board or members of the Board. The Board may adopt additional policies and procedures as it deems necessary from time to time to fulfill its responsibilities.

Approved by the Board on the 21st day of March, 2024.

TSX: HWX



Headwater Exploration Inc.

1400, 215-9th Avenue SW
Calgary, Alberta T2P 1K3
Canada

Phone: (587) 391-3680

Toll-free: (888) 429-4511

E-mail: info@headwaterexp.com

www.headwaterexp.com