

HEADWATER EXPLORATION INC. (THE "CORPORATION")

CODE OF BUSINESS CONDUCT AND ETHICS

I. Introduction

We require the highest standards of professional and ethical conduct from our directors, officers, employees and service providers. Our reputation for honesty and integrity among our shareholders is key to the success of our business. No employee will be permitted to achieve results through violations of laws or regulations, or through unscrupulous dealings.

We intend that the Corporation's business practices will be compatible with the economic and social priorities of each location in which we operate. Although customs vary from country to country and standards of ethics may vary in different business environments, honesty and integrity must always characterize our business activity.

This Code reflects our commitment to a culture of honesty, integrity and accountability and outlines the basic principles and policies with which all employees are expected to comply. You are required to read this Code carefully, and comply with it in all respects.

In addition to following this Code in all aspects of your business activities, you are expected to seek guidance in any case where there is a question about compliance with both the letter and spirit of our policies and applicable laws. This Code sets forth general principles and does not supersede the specific policies and procedures that are covered in the specific policies statements, such as the Disclosure, Confidentiality and Trading Policy. References in this Code to the Corporation means the Corporation or any of its subsidiaries.

Your cooperation is necessary to the continued success of our business and the cultivation and maintenance of our reputation as a good corporate citizen.

II. Conflicts of Interest

A conflict of interest occurs when an individual's private interest interferes, or appears to interfere, in any way with the interests of the Corporation. A conflict situation can arise when an employee takes actions or has interests that may make it difficult to perform his or her work effectively. Conflicts of interest also arise when an employee, officer or director, or a member of his or her family, receives improper personal benefits as a result of his or her position in the Corporation. Loans to, or guarantees of obligations of, such persons are likely to pose conflicts of interest, as are transactions of any kind between the Corporation and any other organization in which you or any member of your family have an interest.

Activities that could give rise to conflicts of interest are prohibited unless specifically approved in advance by the Board of Directors. It is not always easy to determine whether a conflict of interest exists, so any potential conflicts of interests must be reported immediately to senior management.

III. Corporate Opportunities

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. Employees, officers and directors are also prohibited from competing with the Corporation.

IV. Confidentiality

Employees must maintain the confidentiality of all confidential information entrusted to them by the Corporation or that otherwise comes into their possession in the course of their employment, except when disclosure is authorized or legally mandated. The obligation to preserve confidential information continues even after you leave the Corporation.

Confidential information includes all non-public information that may be of use to competitors, or harmful to the Corporation or its customers, if disclosed. It also includes information that suppliers and customers have entrusted to us.

V. Protection and Proper Use of Corporation Assets

All employees should endeavour to protect the Corporation's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Corporation's profitability. Any suspected incidents of fraud or theft should be immediately reported for investigation.

Corporation assets, such as funds, products or computers, may only be used for legitimate business purposes or other purposes approved by management. Corporation assets may never be used for illegal purposes.

The obligation to protect Corporation assets includes proprietary information. Proprietary information includes any information that is not generally known to the public or would be helpful to our competitors. Examples of proprietary information are intellectual property, business and marketing plans and employee information. In particular, all employees must:

- not use proprietary information that has not been disclosed to the public for personal gain;
- not disclose proprietary information other than in the necessary course of business and with appropriate safeguards;
- not reference material, publicly undisclosed proprietary information in public speeches, written presentations or other publications; anyone who speaks publicly on behalf of the Corporation must obtain approval from the appropriate authority of the Corporation in accordance with the Disclosure, Confidentiality, and Trading Policy of the Corporation; or
- without the prior written consent of the appropriate authority of the Corporation, not participate in Internet chat rooms, newsgroups discussions or other social media on matters relating to the Corporation's corporate activities or its securities.

The obligation to preserve proprietary information continues even after you leave the Corporation.

VI. Insider Trading

Insider trading is unethical and illegal. Directors, officers and employees are strictly prohibited from trading in securities of a company while in possession of material non-public information regarding that company. It is also illegal to "tip" or pass on inside information to any other person who might make an investment decision based on that information or pass the information on further. The Corporation has a Disclosure, Confidentiality and Trading Policy, which sets forth your obligations in respect of trading in the Corporation's securities.

VII. Fair Dealing

Each employee should endeavour to deal fairly with the Corporation's customers, suppliers, competitors and employees. No employee should take unfair advantage of anyone through illegal conduct, manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice.

VIII. Compliance with Laws, Rules and Regulations

Compliance with both the letter and spirit of all laws, rules and regulations applicable to our business is critical to our reputation and continued success. All employees, officers, contractors, consultants and directors must respect and obey the laws of the cities, provinces and countries in which we operate and avoid even the appearance of impropriety. Employees, officers, contractors, consultants or directors who fail to comply with this Code and applicable laws will be subject to disciplinary measures, up to and including discharge from the Corporation.

IX. Compliance With the Competition Act

The Corporation believes in fair and open competition, and adheres strictly to the requirements of the *Competition Act* (Canada) (the "**Competition Act**"). The Competition Act is a federal law that governs the conduct of business in Canada. The Competition Act deals with two types of matters: criminal offences and reviewable matters.

Criminal Offences

The following is a list of some of the criminal offences set out in the Competition Act (although this list is not exhaustive), each of which are punishable by fines and, in several cases, imprisonment:

Conspiracy. It is unlawful to enter into an agreement, whether written or oral, with a competitor, supplier, customer or other person and engage in conduct that is intended to prevent or lessen competition unduly. Some common types of "unlawful" agreements include agreements to fix prices; agreements to restrict output in an attempt to unreasonably increase price; agreements to withhold necessary facilities, materials, equipment or supplies from other competitors, and agreements to allocate customers or territories.

Bid-Rigging. Bid-rigging arises where persons who are invited to tender for a contract secretly agree in advance to the terms and conditions under which they will bid.

Price Discrimination. Price discrimination occurs where a seller charges different prices for the same quality and quantity of an article to buyers who compete against one another without a justification, or charges different prices for the same article or service in different geographical areas that is designed for,

or which has the effect of, substantially lessening competition or eliminating a competitor from the market.

Price Maintenance. Price maintenance occurs where a seller attempts, by threat, promise or agreement, to influence upward or to discourage the reduction of the price at which another person supplies or offers the product.

Predatory Pricing. Predatory pricing is the practice of selling products at prices that are unreasonably low that is designed for, or has the effect of, substantially lessening competition or eliminating a competitor from the market.

False or Misleading Representations. It is an offense to knowingly or recklessly make a representation to the public that is false or misleading in any material respect for the purpose of promoting a product, service or business interest.

Reviewable Matters

Many reviewable matters practices reflect common business activity and are considered legal until they become the subject of an order of the Competition Tribunal prohibiting the practice. In certain cases, the practices are pro-competitive or neutral while in others the practices are anti-competitive. The key factor to be analyzed is whether certain conduct has the effect of substantially lessening competition. The greater the market power a company has, the greater the likelihood that the business practices of that company will impact its competitive environment. Some reviewable matters practices include:

Abuse of Dominant Position. Abuse of dominant position occurs when a firm that is dominant in the market engages in the practice of anti-competitive conduct which has the effect of substantially lessening competition. Anti-competitive conduct is generally designed to exclude or discipline a competitor, supplier or customer and could include such conduct as: (a) the pre-emption of scarce facilities or resources required by a competitor; (b) requiring or inducing a supplier to sell only or primarily to certain customers or to refrain from selling to a competitor with the object of preventing a competitor's entry or expansion into a market; or (c) selling products at a price lower than acquisition cost for the purpose of disciplining a competitor.

Exclusive Dealing. Exclusive dealing occurs when a supplier requires or induces a customer to buy products primarily from him or prevents the customer from dealing in a competitor's product. It is not permissible when it is engaged in by a major supplier or is widespread in the market, and has, or is likely to have, the effect of substantially lessening competition in that market.

Refusal to Deal. Refusal to deal arises when: (a) a supplier refuses to supply a product (which is in ample supply) to a customer who is ready, willing and able to meet the supplier's usual trade terms; (b) the customer is seriously affected or prevented from carrying on business because he cannot obtain adequate supplies of the product; and (c) the refusal to deal is having or is likely to have an adverse effect on competition in the market.

Tied Selling. Tied selling occurs when a supplier requires or induces a customer to purchase another product as a condition of supplying the desired product to the customer. It is not permissible when it is engaged in by a major supplier or is widespread in the market and has, or is likely to have, the effect of substantially lessening competition in that market.

Market Restrictions. Market restrictions occur when a supplier, as a condition of supplying a product to a customer, requires that customer to supply the product only in a defined market or extracts a penalty

from the customer if the customer sells the product outside of the defined market. It is not permissible when it is engaged in by a major supplier or is widespread in the market and has, or is likely to have, the effect of substantially lessening competition in that market.

We note below some general rules for employees of the Corporation:

Employees shall not:

- exchange or discuss prices, terms or conditions relating to the sale of services, marketing practices, product distribution channels, customers or any other competitive information;
- enter into any understanding, agreement, plan or scheme, express or implied, formal or informal, with any competitor in regard to prices, terms or conditions relating to the sale of services, production, distribution, marketing or customers;
- discuss with other suppliers whether or not to solicit a particular customer;
- comply with a request by a supplier, customer or competitor to take action that may be harmful to another supplier, customer or competitor;
- obtain non-public information about a competitor directly from that competitor;
- make false or misleading representations about the Corporation's products and services;
- alter or destroy any documents which may be the subject of an investigation by the Commissioner of Competition; or
- knowingly engage in any conduct which violates or could violate the Competition Act.

Employees shall:

- seek clarification from senior management regarding any situation that may present an issue under the Competition Act;
- tell someone who initiates a discussion regarding a forbidden topic that you cannot discuss it because the Corporation strictly complies with the Competition Act;
- stop any conversation with anyone who insists on discussing a forbidden subject;
- immediately report to senior management any known or suspected violations of the Competition Act or any requests or incidents to agree on prices, allocate customers, allocate territories, refusals to supply customers, etc.; and
- obtain information about competitors from public sources, such as trade publications, government reports and documents published.

Employees who disregard the Corporation's Competition Act compliance policy noted herein or engage in activities which violate the Competition Act will be disciplined. Depending upon the circumstances, discipline may include a suspension or dismissal.

X. Compliance with Environmental Laws

The Corporation is sensitive to the environmental, health and safety consequences of its operations. Accordingly, the Corporation is in strict compliance with all applicable Federal and Provincial environmental laws and regulations. If any employee has any doubt as to the applicability or meaning of a particular environmental, health or safety regulation, he or she should discuss the matter with a member of the Corporation's senior management.

XI. Discrimination and Harassment

We value the diversity of our employees and are committed to providing equal opportunity in all aspects of employment. Abusive, harassing or offensive conduct is unacceptable, whether verbal, physical or visual. Examples include derogatory comments based on racial or ethnic characteristics and unwelcome sexual advances. Employees are encouraged to speak out when a co-worker's conduct makes them uncomfortable, and to report harassment when it occurs.

XII. Safety and Health

We are all responsible for maintaining a safe workplace by following safety and health rules and practices. The Corporation is committed to keeping its workplaces free from hazards. Please report any accidents, injuries, unsafe equipment, practices or conditions immediately to a supervisor or other designated person. Threats or acts of violence or physical intimidation are prohibited.

In order to protect the safety of all employees, the environment and third parties, employees must report to work free from the influence of any substance that could prevent them from conducting work activities safely and effectively.

XIII. Accuracy of Corporation Records and Reporting

Honest and accurate recording and reporting of information is critical to our ability to make responsible business decisions. The Corporation's accounting records are relied upon to produce reports for the Corporation's management, shareholders, creditors, governmental agencies and others. Our financial statements and the books and records on which they are based must accurately reflect all corporate transactions and conform to all legal and accounting requirements and our system of internal controls.

All employees have a responsibility to ensure that the Corporation's accounting records do not contain any false or intentionally misleading entries. We do not permit intentional misclassification of transactions as to accounts, departments or accounting periods. All transactions must be supported by accurate documentation in reasonable detail and recorded in the proper account and in the proper accounting period. All employees must exercise the highest standard of care in preparing any such reports or records in accordance with the guidelines set forth below.

- All Corporation accounting records, as well as reports produced from those records, must be kept and presented in accordance with the laws of each applicable jurisdiction.
- All records must fairly and accurately reflect the transactions or occurrences to which they relate.
- All records must fairly and accurately reflect in reasonable detail the Corporation's assets, liabilities, revenues and expenses.

- The Corporation's accounting records must not contain any false or intentionally misleading entries.
- No transactions will be intentionally misclassified as to accounts, departments or accounting periods.
- All transactions must be supported by accurate documentation in reasonable detail and recorded in the proper account and in the proper accounting period.
- No information will be concealed from the internal auditors or the independent auditors.
- Compliance with Generally Accepted Accounting Principles and the Corporation's system of internal accounting controls is required at all times.

Business records and communications often become public through legal or regulatory investigations or the media. We should avoid exaggeration, derogatory remarks, legal conclusions or inappropriate characterizations of people and companies. This applies to communications of all kinds, including email and informal notes or interoffice memos. Records should be retained and destroyed in accordance with the Corporation's records retention policy.

XIV. Use of E-Mail and Internet Services

E-Mail systems and Internet services are provided to help us do work. Incidental and occasional personal use is permitted, but never for personal gain or any improper purpose. You may not access, send or download any information that could be insulting or offensive to another person, such as sexually explicit messages, cartoons, jokes, unwelcome propositions, ethnic or racial slurs, or any other message that could be viewed as harassment. Also remember that "flooding" our systems with junk mail and trivia hampers the ability of our systems to handle legitimate company business and is prohibited.

Your messages (including voice mail) and computer information are considered company property and you should not have any expectation of privacy. Unless prohibited by law, the Corporation reserves the right to access and disclose this information as necessary for business purposes. Use good judgment, and do not access, send messages or store any information that you would not want to be seen or heard by other individuals.

Directors, officers, consultants and employees are also expected to follow the Corporation's social media guidelines attached hereto as Schedule "A".

Violation of these policies may result in disciplinary actions up to and including discharge from the Corporation.

XV. Political Activities and Contributions

We respect and support the right of our employees to participate in political activities. However, these activities should not be conducted on Corporation time or involve the use of any Corporation resources. Employees will not be reimbursed for personal political contributions.

We may occasionally express our views on local and national issues that affect our operations. In such cases, Corporation funds and resources may be used, but only when permitted by law and by our strict Corporation guidelines. The Corporation may also make limited contributions to political parties or candidates in jurisdictions where it is legal and customary to do so. The Corporation may pay related

administrative and solicitation costs for political action committees formed in accordance with applicable laws and regulations. No employee may make or commit to political contributions on behalf of the Corporation without the approval of the President, Chief Executive Officer or Vice-President, Finance and Chief Financial Officer.

XVI. Gifts and Entertainment

Business gifts and entertainment are customary courtesies designed to build goodwill among business partners. These courtesies include such things as meals and beverages, tickets to sporting or cultural events, travel, accommodation and other merchandise or services. In some cultures they play an important role in business relationships. However, a problem may arise when such courtesies compromise – or appear to compromise – our ability to make objective and fair business decisions. The same rules apply to employees offering gifts and entertainment to our business associates.

Offering or receiving any gift, gratuity or entertainment that might be perceived to unfairly influence a business relationship should be avoided. These guidelines apply at all times, and do not change during traditional gift-giving seasons.

The value of gifts should be nominal both with respect to frequency and amount. Gifts that are repetitive (no matter how small) may be perceived as an attempt to create an obligation to the giver and are therefore inappropriate. Likewise, business entertainment should be moderately scaled and intended only to facilitate business goals. Use good judgment. "Everyone else does it" is not sufficient justification. If you are having difficulty determining whether a specific gift or entertainment item lies within the bounds of acceptable business practice, ask yourself these guiding questions:

- It is legal?
- Is it clearly business related?
- Is it moderate, reasonable, and in good taste?
- Would public disclosure embarrass the company?
- Is there any pressure to reciprocate or grant special favours?

Strict rules apply when we do business with governmental agencies and officials, whether in Canada or in other countries, as discussed in more detail below. Because of the sensitive nature of these relationships, talk with your supervisor and the Chief Executive Officer or Chief Financial Officer before offering or making any gifts or hospitality to governmental employees.

XVII. Relationship with Auditors

The integrity of the Corporation's financial reporting is of utmost importance to its shareholders, the investment community and the employees and directors of the Corporation. The following conduct in relation to auditors is prohibited:

- improper influence on the auditors (unlawful for any director or officer to fraudulently influence, coerce, manipulate or mislead the auditor for the purpose of rendering the financial statements materially misleading); and

- other conduct considered to be improper influence on the auditors includes offering or paying bribes, providing the auditors with inaccurate or misleading legal analysis, threatening to cancel existing engagements if the auditor objects to accounting treatment, blackmailing and making physical threats.

Any employees observing the behaviour described above are required to report such behaviour to the appropriate person in accordance with this Code or the Corporation's Whistleblower Policy.

XVIII. Up the Ladder Reporting

Internal and external legal counsel can play an important role in the Corporation's business, particularly in relation to significant acquisitions and dispositions as well as the Corporation's continuous disclosure. To the extent that legal counsel is involved in such matters and becomes aware of "evidence of material violation" of securities law or a breach of fiduciary duty, such matters must be reported to the Chief Executive Officer. To the extent that an appropriate response is not received from the Chief Executive Officer, legal counsel must report the evidence of material violation to the Audit Committee, the Corporate Governance and Sustainability Committee or the Board itself.

XIX. Payments to Domestic and Foreign Officials

Employees must comply with all laws prohibiting improper payments to domestic and foreign officials.

For example, in Canada, the *Corruption of Foreign Public Officials Act* (the "**Act**") provides that every person commits an offence who, in order to obtain or retain an advantage in the course of business, directly or indirectly gives, offers or agrees to give or offer a loan, reward, advantage or benefit of any kind to a foreign public official or to any person for the benefit of a foreign public official as consideration for an act or omission by the official in connection with the performance of the official's duties or functions, or to induce the official to use his or her position to influence any acts or decisions of the foreign state or public international organization for which the official performs duties or functions.

Although certain types of "facilitation" payments may not be illegal, the Corporation's policy is to avoid such payments. If any employee finds that adherence to the Corporation's policy would cause a substantial, adverse effect on operations, that fact should be reported to the Corporation's senior management which will determine whether an exception may lawfully be authorized. If the facilitating payment is made, such payment must be properly entered and identified on the books of the Corporation and all appropriate disclosures made.

Violation of this section of the Act is a criminal offence and every person who contravenes this section is guilty of an indictable offence and liable to imprisonment for a term not exceeding five years. If the violation results in any revenues or profits payable to the Corporation, those revenues or profits are subject to forfeiture to the Government.

Violation of this policy may result in disciplinary actions up to and including discharge from the Corporation.

XX. Reporting of any Illegal or Unethical behaviour

We have a strong commitment to conduct our business in a lawful and ethical manner. Employees are encouraged to talk to supervisors, managers or other appropriate personnel when in doubt about the best course of action in a particular situation and to report violations of laws, rules, regulations or this Code.

We prohibit retaliatory action against any employee who, in good faith, reports a possible violation. It is unacceptable to file a report knowing it to be false.

XXI. Directors Role in the Code of Business Conduct and Ethics

To the extent that management is unable to make a determination as to whether a breach of this Code has taken place, the Board of Directors will review any alleged breach of the Code to determine if a breach has occurred.

Any waiver of this Code for executive officers or directors will be made only by the Board of Directors or a committee of the Board of Directors and conduct by a director or executive officer which constitutes a material departure from this Code may be promptly disclosed if required by law or stock exchange regulation.

XXII. Compliance Procedures

This Code cannot, and is not intended to, address all of the situations you may encounter. There will be occasions where you are confronted by circumstances not covered by policy or procedure and where you must make a judgment as to the appropriate course of action. In those circumstances we encourage you to use your common sense, and to contact your supervisor, manager or a member of human resources for guidance.

If you do not feel comfortable discussing the matter with your supervisor, manager or human resources, please call:

CONTACT	POSITION WITH THE CORPORATION	PHONE NUMBER
Ali Horvath	Vice-President, Finance and Chief Financial Officer	(403) •
Steve Larke	Chair of the Corporate Governance and Sustainability Committee	(403) •
Chandra Henry	Chair of the Audit Committee	(403) •
Kevin Olson	Lead Independent Director	(403) •

SCHEDULE "A"

SOCIAL MEDIA GUIDELINES

I. Scope

These guidelines apply to all users of the Corporation's network and electronic resources, and all directors, officers, consultants and employees identifying themselves, either directly or indirectly, in online communications, including web and social media sites and blogs as personnel of the Corporation.

II. Definitions

"**Blog**" means a personal web journal or log and includes the creation and/or maintenance of a personal web journal or contributing content to another individual's blog.

"**Social Media**" is an internet or mobile device application, location or site that provides users with the opportunity and means to participate in, develop or share content or views and opinions with others (e.g. Facebook, Twitter, LinkedIn, etc.).

III. Responsibility

Directors, officers, consultants and employees must ensure that they do not divulge private and/or proprietary information or other undisclosed material information (except in accordance with the Corporation's Disclosure, Confidentiality and Trading Policy) related to the Corporation's business, its personnel, partners, suppliers, affiliates, competitors and/or other stakeholders while communicating on social media sites, the Internet in general or through blogs.

Directors, officers, consultants and employees must not violate any of the Corporation's policies including, but not limited to the policies outlined in the Code of Business Conduct and Ethics and the Disclosure, Confidentiality and Trading Policy of the Corporation.

Directors, officers, consultants and employees who wish to create and/or maintain personal blogs or participate in social media may do so on their personal computer and on their own time outside of the workplace. Directors, officers, consultants and employees who create or contribute to blogs or social media and who identify themselves, either directly or indirectly, or others, as representatives of the Corporation must adhere to the following rules of conduct:

- (i) directors, officers, consultants and employees must ensure that they do not libel, slander, intimidate, harass or threaten any personnel, partners, suppliers, affiliates, competitors and/or other stakeholders of the Corporation on any social media site or in any blog content;
- (ii) directors, officers, consultants and employees must not make comments which are negative, derogatory or false about the Corporation, its personnel, partners, suppliers, affiliates, competitors and /or other stakeholders of the Corporation on any social media site or in any blog content; and
- (iii) if directors, officers, consultants and employees are uncertain about the propriety of a public communication over a social media site or blog they should consult the Human Resources departments prior to making such communications.

SCHEDULE "B"

HEADWATER EXPLORATON INC. (THE "CORPORATION")

COMPLIANCE AFFIRMATION FOR EMPLOYEES

*I ACKNOWLEDGE that I have received, read and considered the Code of Business Conduct and Ethics (the "**Code**") and the Disclosure, Confidentiality and Trading Policy (the "**Disclosure Policy**") of the Corporation and agree to conduct myself in accordance with the Code and abide by the policies set out in the Code and the Disclosure Policy.*

I also ACKNOWLEDGE that I have read, received and considered the Whistleblower Program of the Corporation and I understand that I am encouraged by the Board of Directors of the Corporation to bring forward complaints and concerns regarding accounting, internal controls, audit matters or matters relating to the Code in accordance with the procedures in the Whistleblower Program.

Signature

Print Name

Date

SCHEDULE "C"

HEADWATER EXPLORATION INC. (THE "CORPORATION")

COMPLIANCE AFFIRMATION FOR EXECUTIVE OFFICERS

I. Affirmation of Compliance

The undersigned CERTIFIES and ACKNOWLEDGES that he or she has received, read and considered the Code of Business Conduct and Ethics (the "Code") and the Disclosure, Confidentiality and Trading Policy (the "Disclosure Policy") of the Corporation and agrees to conduct himself or herself in accordance with the Code and abide by the policies set out in the Code and the Disclosure Policy.

The undersigned also CERTIFIES and ACKNOWLEDGES that he or she has read, received and considered the Whistleblower Program of the Corporation and understands that he or she is encouraged by the Board of Directors of the Corporation to bring forward complaints and concerns regarding accounting, internal controls, audit matters or matters relating to the Code in accordance with the procedures in the Whistleblower Program.

II. Agreement with Executive Incentive Compensation Clawback Policy

The undersigned ACKNOWLEDGES and AGREES that (i) he or she has received, read and considered the Executive Incentive Compensation Clawback Policy (the "Clawback Policy") of the Corporation, and (ii) the Clawback Policy will apply to the undersigned as the undersigned is an Executive Officer (as such term is defined in the Clawback Policy) of the Corporation. The undersigned further AGREES that (i) Incentive Compensation (as such term is defined in the Clawback Policy) received or to be received by the undersigned may be subject to reimbursement from the undersigned to the Corporation under certain circumstances as provided for in the Clawback Policy; and (ii) if the Board of Directors of the Corporation requires the reimbursement of Incentive Compensation from the undersigned in accordance with the provisions of the Clawback Policy, the undersigned shall take all such actions as may be required to immediately reimburse such Incentive Compensation.

III. Affirmation of Legal and Ethical Business Conduct

By signing this form, the undersigned confirms that, to the best of his or her knowledge and belief, each dealing or transaction to which he or she has been party, directly or indirectly, on behalf of this Corporation:

1. was characterized by honesty and integrity;
2. complies with applicable laws and regulations;
3. did not involve any unethical dealings, unbooked fees, special favours, benefits or contributions to any private party, government or government agency;
4. did not involve any unlawful arrangements with competitors; and
5. was recorded and properly described on the Corporation's books.

If there are any exceptions, please describe them on the reverse side.

IV. Conflict of Interest Questionnaire

Please answer "Yes" or "No" to the following questions. If the answer to any question is "Yes," full details must be given on the reverse side.

A. Have you or, to your knowledge, has any member of your immediate family, at any time during the period dating back to the previous three financial years:

1. engaged, directly or indirectly, in any transaction for the purchase or sale of materials or other property, or services by or to Headwater Exploration Inc. or any subsidiary or division thereof (hereinafter collectively called the Corporation), otherwise than in the normal capacity of officer or employee of the Corporation;

Yes ____ No ____

2. been an officer, director, partner or employee of any corporation, partnership or other organization which, to your knowledge, has engaged in any transaction described in (a) above with the Corporation;

Yes ____ No ____

3. been interested monetarily, directly or indirectly, in any organization doing business with the Corporation (unless as a holder of less than 1% of the voting securities issued by a corporation whose securities are publicly traded); and

Yes ____ No ____

4. been a recipient, directly or indirectly, of any payments or material gifts of any kind from or on behalf of any organization doing business with the Corporation (unless by way of dividend or interest payments made by a corporation whose securities are publicly traded)?

Yes ____ No ____

B. Is any transaction contemplated, involving you or any member of your immediate family, which, if consummated, would be described in answer to any of the preceding items?

Yes ____ No ____

C. Are you aware of any interest or activity on your part, or on the part of any member of your immediate family, which is in conflict with the interests of the Corporation?

Yes ____ No ____

Signature

Print Name

Date