

HEADWATER EXPLORATION INC.

MAJORITY VOTING POLICY BOARD OF DIRECTORS

Nominees for election to the Board of Directors (the "**Board**") of Headwater Exploration Inc. ("**Headwater**") will be asked annually to subscribe to this Majority Voting Policy (this "**Policy**") before their names are put forward by the Board.

Forms of proxy for the vote at shareholders' meetings where directors are to be elected will enable shareholders to vote "for", or to "withhold" from voting, separately for each nominee. At the shareholders' meeting, the chair of the meeting will call for a vote by ballot on the election of directors. The scrutineers will record with respect to each nominee the number of votes cast "for" or "withheld" from a nominee, such numbers to be adjusted if required in accordance with the share provisions, the by-laws, policies and procedures of Headwater.

This Policy applies only to uncontested elections. An "uncontested election" means any election of directors where the number of nominees for election as a director is the same as the number of directors to be elected to the Board and the election does not involve the circulation of proxy material required by applicable securities legislation in support of one or more nominees who are not part of the slate supported by the Board.

In an uncontested election, any nominee for director who receives a greater number of votes "withheld" from his or her election than votes "for" his or her election (a "**majority withhold vote**") shall tender his or her resignation for consideration by the Board to the Chair of the Corporate Governance and Sustainability Committee (the "**Committee**") promptly following certification of the shareholder vote. If the Chair of the Committee received a majority withhold vote, then he or she shall tender his or her resignation to the Chair of the Board.

The Committee will promptly consider the tendered resignation and absent exceptional circumstances shall recommend that the Board accept the resignation. In determining whether exceptional circumstances exist that justify the Committee recommending that the Board reject the resignation, the Committee will consider all factors it deems relevant including, without limitation:

- (a) the reasons, if known, why shareholders "withheld" or were requested to "withhold" votes from the director. In particular, the Committee will not generally recommend acceptance of a resignation if shareholders "withheld" or were requested to "withhold" votes from the director based upon the decisions of the Board or a committee of the Board as opposed the qualifications or individual actions of the director;
- (b) the director's share ownership;
- (c) the impact with respect to covenants in agreements or plans;
- (d) the director is a key member of an established, active special committee of the Board which has a defined term or mandate and the acceptance of such director's resignation would jeopardize the achievement of the special committee's mandate; and
- (e) legal requirements, policies or guidelines (regulatory, securities or corporate laws, or stock exchange rules) for director numbers and qualifications.

The Board will consider the Committee's recommendation not later than 90 days following the date of the shareholders' meeting at which the election occurred. In deciding whether to accept or reject the tendered resignation, the Board will consider the factors considered by the Committee and any additional information and factors the Board believes to be relevant in determining whether exceptional circumstances exist to justify the rejection of the resignation. If the Board determines that such exceptional circumstance do not exist, the tendered resignation will be accepted.

Promptly following the Board's decision, Headwater will disclose that decision, including an explanation of the process by which the decision was reached and, if applicable, the reasons for rejecting the tendered resignation, in a press release. Headwater will provide a copy of the press release to the Toronto Stock Exchange. If the Board decides to accept the director's resignation, the Committee will recommend to the Board whether to fill the resulting vacancy or to continue with the reduced size of the Board.

Any director who tenders his or her resignation pursuant to this Policy will not participate in the Committee recommendation or the Board consideration whether to accept or reject the tendered resignation. If a majority of the members of the Committee received a majority withhold vote at the same election, then the independent directors who did not receive a majority withhold vote will appoint a Board committee among themselves solely for the purpose of considering the tendered resignations and such special committee will recommend to the Board whether to accept or reject them within the 90 day period. If there are not at least three directors who did not receive a majority withheld vote, then all directors shall participate in any decision to accept the resignations. Except as set forth in this paragraph, a director who tenders his or her resignation pursuant to this Policy will continue to participate in all meetings of the Board and any applicable committees of the Board on which such director serves until such time, if applicable, as the Board decides to accept the director's tendered resignation.

In the event that any director who received a majority withhold vote does not tender his or her resignation in accordance with this Policy, he or she shall not be re-nominated by the Board and shall not be entitled to any benefits (financial or otherwise) of a director or past director of Headwater.

The Committee may adopt such procedures as it sees fit to assist in its determinations under this Policy.

This Policy will be summarized or included in each management proxy circular relating to an election of directors of Headwater.