

December 21, 2021

HEADWATER EXPLORATION INC. ANNOUNCES EXERCISE OF WARRANTS HELD BY CENOVUS ENERGY INC.

CALGARY, ALBERTA – Headwater Exploration Inc. (the "**Company**" or "**Headwater**") (**TSX:H WX**) announces that it has issued a call notice to Cenovus Marten Hills Partnership ("**CMHP**"), a wholly-owned subsidiary of Cenovus Energy Inc. ("**Cenovus**"), requiring CMHP to exercise the 15,000,000 warrants (the "**Warrants**") to purchase common shares ("**Common Shares**") of the Company that CMHP holds. Each Warrant entitles CMHP to purchase one Common Share at an exercise price of \$2.00. Headwater and CMHP have agreed that CMHP will exercise the Warrants on December 23, 2021. On exercise of the Warrants, Headwater will receive \$30,000,000 in cash and CMHP will receive 15,000,000 Common Shares (representing 6.9% of the issued and outstanding Common Shares). Other than the Warrants, neither CMHP nor Cenovus hold any additional Common Shares or other securities of the Company.

The Warrants were issued to CMHP as partial consideration for the acquisition by Headwater of Cenovus' interest in the Marten Hills area of Alberta in December 2020.

FOR FURTHER INFORMATION PLEASE CONTACT:

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Chairman and Chief Executive Officer

HEADWATER EXPLORATION INC.
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