



May 9, 2024

## HEADWATER EXPLORATION INC. ANNOUNCES FIRST QUARTER FINANCIAL RESULTS, OPERATIONS UPDATE, UPDATE TO 2024 GUIDANCE AND DECLARES QUARTERLY DIVIDEND

CALGARY, ALBERTA – Headwater Exploration Inc. (the "**Company**" or "**Headwater**") (TSX:HWX) is pleased to announce its financial results for the three months ended March 31, 2024, operations update, update to 2024 guidance and declaration of quarterly dividend. Selected financial and operational information is outlined below and should be read in conjunction with the unaudited interim condensed financial statements and the related management's discussion and analysis ("**MD&A**"). These filings will be available at [www.sedarplus.ca](http://www.sedarplus.ca) and the Company's website at [www.headwaterexp.com](http://www.headwaterexp.com).

### Financial and Operating Highlights

	Three months ended March 31,		Percent Change
	2024	2023	
<b>Financial</b> (thousands of dollars except share data)			
Total sales, net of blending <sup>(1)</sup> <sup>(4)</sup>	127,366	94,570	35
Adjusted funds flow from operations <sup>(2)</sup>	76,446	59,157	29
Per share - basic <sup>(3)</sup>	0.32	0.25	28
- diluted <sup>(3)</sup>	0.32	0.25	28
Cash flows provided by operating activities	55,047	60,201	(9)
Per share - basic	0.23	0.26	(12)
- diluted	0.23	0.25	(8)
Net income	37,619	29,979	25
Per share - basic	0.16	0.13	23
- diluted	0.16	0.13	23
Capital expenditures <sup>(1)</sup>	65,267	69,494	(6)
Adjusted working capital <sup>(2)</sup>	48,841	70,467	(31)
Shareholders' equity	625,675	551,160	14
Dividends declared	23,729	23,539	1
Weighted average shares (thousands)			
Basic	235,742	234,069	1
Diluted	237,552	236,279	1
Shares outstanding, end of period (thousands)			
Basic	237,290	235,386	1
Diluted <sup>(5)</sup>	241,356	241,368	-
<b>Operating</b> (6:1 boe conversion)			
Average daily production			
Heavy crude oil (bbls/d)	17,512	14,777	19
Natural gas (mmcf/d)	11.5	12.8	(10)
Natural gas liquids (bbls/d)	87	91	(4)
Barrels of oil equivalent <sup>(9)</sup> (boe/d)	19,517	17,004	15
Average daily sales <sup>(6)</sup> (boe/d)	19,459	16,968	15
Netbacks (\$/boe) <sup>(7)</sup>			
Operating			
Sales, net of blending <sup>(4)</sup>	71.93	61.93	16
Royalties	(12.34)	(10.04)	23
Transportation	(5.35)	(5.50)	(3)
Production expenses	(7.04)	(6.53)	8
Operating netback <sup>(3)</sup>	47.20	39.86	18
Realized gains on financial derivatives	3.45	4.74	(27)
Operating netback, including financial derivatives <sup>(3)</sup>	50.65	44.60	14
General and administrative expense	(1.47)	(1.35)	9
Interest income and other expense <sup>(8)</sup>	0.95	1.11	(14)
Current tax expense	(6.91)	(5.61)	23
Settlement of decommissioning liability	(0.05)	-	100
Adjusted funds flow netback <sup>(3)</sup>	43.17	38.75	11

(1) Non-GAAP financial measure. Refer to "Non-GAAP and Other Financial Measures" within this press release.

(2) Capital management measure. Refer to "Non-GAAP and Other Financial Measures" within this press release.

- (3) Non-GAAP ratio. Refer to "Non-GAAP and Other Financial Measures" within this press release.
- (4) Heavy oil sales are netted with blending expense to compare the realized price to benchmark pricing while transportation expense is shown separately. In the interim financial statements blending expense is recorded within blending and transportation expense.
- (5) In-the-money dilutive instruments as at March 31, 2024 which include 1.2 million stock options with a weighted average exercise price of \$4.29 and 2.9 million performance share units ("PSUs"). The number of outstanding PSUs has been adjusted for dividends. Restricted share units have been excluded as the Company intends to cash settle these awards.
- (6) Includes sales of unblended heavy crude oil, natural gas and natural gas liquids. The Company's heavy crude oil sales volumes and production volumes differ due to changes in inventory.
- (7) Netbacks are calculated using average sales volumes. First quarter 2024 sales volumes comprised of 17,454 bbs/d of heavy oil, 11.5 mmcf/d of natural gas and 87 bbls/d of natural gas liquids. First quarter 2023 sales volumes comprised of 14,741 bbs/d of heavy oil, 12.8 mmcf/d of natural gas and 91 bbls/d of natural gas liquids.
- (8) Excludes unrealized foreign exchange gains/losses, accretion on decommissioning liabilities, interest on repayable contribution and interest on lease liability.
- (9) See "Barrels of Oil Equivalent."

## FIRST QUARTER 2024 HIGHLIGHTS

- Production averaged 19,517 boe/d (consisting of 17,512 bbls/d of heavy oil, 11.5 mmcf/d of natural gas and 87 bbls/d of natural gas liquids) representing an increase of 15% from the first quarter of 2023.
- Realized adjusted funds flow from operations <sup>(1)</sup> of \$76.4 million (\$0.32 per share basic <sup>(2)</sup>) and cash flows from operations of \$55.0 million (\$0.23 per share basic).
- Achieved an operating netback inclusive of financial derivatives <sup>(2)</sup> of \$50.65/boe and an adjusted funds flow netback <sup>(2)</sup> of \$43.17/boe.
- Achieved net income of \$37.6 million (\$0.16 per share basic) equating to \$21.24/boe.
- Executed a \$65.3 million capital expenditure <sup>(3)</sup> program inclusive of \$11.7 million on land expenditures adding 81.4 net sections. The Company drilled 20 net crude oil wells including 6 exploration tests at a 100% success rate.
- Declared a cash dividend of \$23.7 million, or \$0.10 per common share.
- As at March 31, 2024, Headwater had adjusted working capital <sup>(1)</sup> of \$48.8 million, working capital of \$58.3 million, and no outstanding bank debt.

(1) Capital management measure. Refer to "Non-GAAP and Other Financial Measures" within this press release.

(2) Non-GAAP ratio. Refer to "Non-GAAP and Other Financial Measures" within this press release.

(3) Non-GAAP financial measure. Refer to "Non-GAAP and Other Financial Measures" within this press release.

## OPERATIONS UPDATE

### Marten Hills West

Continued pool extensions and contributions from multiple Clearwater benches have elevated Marten Hills West production levels to more than 11,000 bbls/d of heavy oil. In the first quarter of 2024, Headwater drilled 14 wells across the Marten Hills West fairway including drilling and commissioning of our first full section waterflood in section 7-076-02W5.

As a follow up to its success from the Clearwater E at 4-35-076-02W5, Headwater has drilled a southern Clearwater E exploration test at 11-20-075-01W5 which is currently recovering load fluid at favorable rates. Positive results from this southern exploration test have the potential to expand the Clearwater E to approximately 25 sections in size. In addition, Headwater has drilled two follow up Clearwater G tests at 02/16-19-075-01W5 and 03/12-26-075-02W5, both of which had strong geo-technical shows and are at various stages of load fluid recovery.

Headwater's first full section on secondary recovery in section 7-076-02W5 continues to show very encouraging results with strong injectivity and decreasing gas oil ratios. Results from this pattern, which

is expected to stabilize approximately 300 bbls/d, sets up significant future secondary recovery across the Clearwater sandstone pool.

### **Marten Hills Core**

Stabilized rates under secondary recovery in the core have been flat at 3,000 bbls/d for a year and will increase to 4,000 bbls/d in the second half of 2024 with the conversion of two additional sections to injection. Performance continues to strengthen with injection rates in the first quarter increasing from 6,000 bbls/d to 7,000 bbls/d while gas oil ratios witnessed a 30% decrease.

### **Heart River**

Headwater is excited to report that our Heart River initial discovery well, a Falher test drilled at 00/06-36-076-16W5, has achieved a 30-day initial production rate of 119 bbls/d of 14 API oil. This highly encouraging result will be followed up by additional tests in the fourth quarter of 2024 to further validate the newly discovered pool estimated to be approximately 12 sections in size.

### **Seal**

Headwater continues to exploit the multi-zone potential of the Seal area with an active six-well drilling campaign targeting the Bluesky, Falher B and Falher D.

The Company's first Bluesky test at 04/13-06-083-15W5, a 12-leg multi-lateral, achieved a 30-day initial production rate of 215 bbls/d of 12 API oil. Results from this well validate a commercial Bluesky pool estimated to cover approximately 15 sections of Headwater lands. Success from the initial Bluesky discovery well has instigated a follow up Bluesky test to be drilled in early May.

A Falher B Stingwray test at 02/07-07-083-15W5 has recently finished recovering load fluid and is currently producing 200 bbls/d. An additional Stingwray test and a 12-leg multi-lateral well design are planned for the Falher B during our second quarter drilling campaign. These tests, combined with our previous successes in the Falher B will further validate this pool which is estimated to be 10 sections in size.

A Stingwray well targeting the Falher D at 00/08-08-083-15W5 has been drilled and is currently recovering load fluid. This well, a follow up test to the original Stringwray well drilled at 00/07-07-083-15W5, is expected to further delineate a Falher D pool estimated to be 20 sections in size.

The multi-zone potential of the Seal area continues to show exceptional results and it is anticipated that this will be a significant growth area for Headwater over the next several years.

### **Handel Saskatchewan**

The 01/1-30-035-18W3, a single lateral open hole well, drilled in the Lloyd formation produced 80 bbls/d of heavy oil in the month of April and continues to be further optimized. We are highly encouraged by this result and the opportunity to further enhance production in future wells with multi-lateral technology. A 3D seismic shoot is planned for late in the third quarter of 2024, setting up the next drilling program anticipated to start late Q4 2024 or early Q1 2025.

### **Exploration and Land Update**

Our grassroots exploration program has continued to achieve exceptional success. The Company's first quarter exploration program increased our asset duration and sustainability by adding more than 1.5 years to our existing long term depth of drilling inventory.

Exploratory efforts will continue throughout the remainder of 2024 with the current budget contemplating three exploration follow up locations in addition to the drilling of two to three currently undrilled exploration concepts.

Headwater has recently added two net sections of land in the Seal area with multi-zone prospectivity as well as two sections of land in the Handel area offsetting our recent exploration success. The new land additions bring Headwater's total land holdings to 525 sections in the Clearwater fairway and 177 sections of land in oil fairways outside of the Clearwater.

## McCully

McCully contributed \$10.5 million of free cash flow <sup>(1)</sup> through the first quarter of 2024 and generated \$15.2 million of free cash flow <sup>(1)</sup> across the winter producing season. Headwater's strategic hedging program for the McCully asset protected the winter producing season's cashflow against the extreme volatility realized in spot market prices. As of May 1, 2024, the McCully asset has been shut-in and is expected to resume production in the fourth quarter of 2024 upon realization of premium winter pricing.

(1) Non-GAAP financial measure. Refer to "Non-GAAP and Other Financial Measures" within this press release.

## 2024 GUIDANCE UPDATE

Headwater has updated its 2024 annual adjusted funds flow from operations <sup>(2)</sup> guidance to \$319 million, resulting in 2024 annual exit adjusted working capital <sup>(2)</sup> guidance of \$86 million. Capital and annual production guidance remain unchanged.

	2024 Guidance as released on March 7, 2024	Updated 2024 Guidance
2024 annual average production (boe/d)	20,000	20,000
Capital expenditures <sup>(1)</sup>	\$200 million	\$200 million
Comprised of:		
Development capital	\$135 million	\$135 million
Land	\$20 million	\$20 million
Exploration and enhanced oil recovery	\$45 million	\$45 million
WTI	US\$75.30/bbl	US\$76.25/bbl
WCS	Cdn\$79.70/bbl	Cdn\$83.88/bbl
Adjusted funds flow from operations <sup>(2)</sup>	\$298 million	\$319 million
Exit adjusted working capital <sup>(2)</sup>	\$65 million	\$86 million
Quarterly dividend	\$0.10/common share	\$0.10/common share

(1) Non-GAAP financial measure. Refer to "Non-GAAP and Other Financial Measures" within this press release.

(2) Capital management measure. Refer to "Non-GAAP and Other Financial Measures" within this press release.

(3) For assumptions utilized in the above guidance see "Future Oriented Financial Information" within this press release.

## SECOND QUARTER DIVIDEND

The Board of Directors of Headwater has declared a quarterly cash dividend to shareholders of \$0.10 per common share payable on July 15, 2024, to shareholders of record at the close of business on June 28, 2024. This dividend is an eligible dividend for the purposes of the Income Tax Act (Canada).

## OUTLOOK

Positive working capital in conjunction with our credit facility allows Headwater to be opportunistic in future accretive acquisitions, land expansion and exploration in and beyond the boundaries of the Clearwater.

Headwater remains committed to delivering long term top quartile returns through growth and return of capital.

Additional corporate information can be found in the Company's corporate presentation and on Headwater's website at [www.headwaterexp.com](http://www.headwaterexp.com).

FOR FURTHER INFORMATION PLEASE CONTACT:

HEADWATER EXPLORATION INC.  
Mr. Neil Roszell, P. Eng.  
Executive Chairman

HEADWATER EXPLORATION INC.  
Mr. Jason Jaskela, P.Eng.  
President and Chief Executive Officer

HEADWATER EXPLORATION INC.  
Ms. Georgia Little, CPA, CA  
Interim Vice President, Finance and Chief Financial Officer

info@headwaterexp.com  
(587) 391-3680

*FORWARD LOOKING STATEMENTS: This press release contains forward-looking statements. The use of any of the words "guidance", "initial", "anticipate", "scheduled", "can", "will", "prior to", "estimate", "believe", "potential", "should", "unaudited", "forecast", "future", "continue", "may", "expect", "project", and similar expressions are intended to identify forward-looking statements. The forward-looking statements contained herein, include, without limitation: the 2024 guidance related to expected annual average production, capital expenditures and the breakdown thereof, adjusted funds flow from operations, dividends and exit adjusted working capital; the timing and expectations around future exploration tests and drilling programs; the estimated size of certain of the Company's pools; the expectation stabilized rates under secondary recovery in the core will increase to 4,000 bbls/d in the second half of 2024; the anticipated timing of when the Company's McCully asset will resume production; expectations that Headwater will be opportunistic in future accretive acquisitions, land expansion and exploration; that Headwater is committed to delivering long term top quartile returns through growth and return of capital; expectations that the Company will cash settle all of its restricted share units; expectations of significant future secondary recovery across the Clearwater sandstone pool; and the anticipated terms of the Company's quarterly dividend, including its expectation that it will be designated as an "eligible dividend". The forward-looking statements contained herein are based on certain key expectations and assumptions made by the Company, including but not limited to expectations and assumptions concerning the success of optimization and efficiency improvement projects, the availability of capital, current legislation, receipt of required regulatory approvals, the success of future drilling, development and waterflooding activities, the performance of existing wells, the performance of new wells, Headwater's growth strategy, general economic conditions, availability of required equipment and services, prevailing equipment and services costs, prevailing commodity prices. Although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because the Company can give no assurance 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. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; risks associated with wildfires in areas in which the Company operates including safety of personnel, asset integrity and potential disruption of operations which could affect the Company's results, business, financial conditions or liquidity; disruptions to the Canadian and global economy resulting from major public health events, the Russian-Ukrainian war and the Israel-Palestine war and the impact on the global economy and commodity prices; the impacts of inflation and supply chain issues and steps taken by central banks to curb inflation; pandemics, war, terrorist events, political upheavals and other similar events; events impacting the supply and demand for oil and gas including actions taken by the OPEC + group; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks); commodity price and exchange rate fluctuations; changes in legislation affecting the oil and gas industry; uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures; the risk that Headwater's 2024 operating and financial results may not be consistent with its expectations; the risk that the Company's McCully asset may not resume production when anticipated; the risk that Headwater may not be opportunistic in future accretive acquisitions, land expansion and exploration; the risk that Headwater may not deliver long term top quartile returns through growth and return of capital; and the risk that the Company's pools may be smaller than anticipated. Refer to Headwater's most recent Annual Information Form dated March 7, 2024, on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca), and the risk factors contained therein.*

*FUTURE ORIENTED FINANCIAL INFORMATION: This press release contains information that may be considered a financial outlook or future-oriented financial information under applicable securities laws about the Company's potential financial position,*

including but not limited to: the 2024 guidance related to expected annual capital expenditures and the breakdown thereof, adjusted funds flow from operations, dividends and exit adjusted working capital; and the anticipated terms of the Company's quarterly dividend, including its expectation that it will be designated as an "eligible dividend". Any financial outlook or future oriented financial information in this press release, as defined by applicable securities legislation, has been approved by management of the Company as of the date hereof. Readers are cautioned that any such future-oriented financial information contained herein should not be used for purposes other than those for which it is disclosed herein. The Company and its management believe that the prospective financial information as to the anticipated results of its proposed business activities for 2024 has been prepared on a reasonable basis, reflecting management's best estimates and judgments, and represent, to the best of management's knowledge and opinion, the Company's expected course of action. However, because this information is highly subjective, it should not be relied on as necessarily indicative of future results. The assumptions used in the 2024 guidance include: annual average production of 20,000 boe/d, WTI of US\$76.25/bbl, WCS of Cdn\$83.88/bbl, AGT US\$5.11/mmbtu, AECO of Cdn\$1.88/GJ, foreign exchange rate of Cdn\$/US\$ of 0.73, blending expense of WCS less \$2.20, royalty rate of 19.0%, operating and transportation costs of \$13.45/boe, G&A and interest income and other expense of \$1.30/boe and cash taxes of \$6.85/boe. The AGT price is the average price for the winter producing months in the McCully field which include January to April and November to December. 2024 annual production guidance comprised of: 18,650 bbls/d of heavy oil, 50 bbls/d of natural gas liquids and 7.8 mmcf/d of natural gas.

**DIVIDEND POLICY:** The amount of future cash dividends paid by the Company, if any, will be subject to the discretion of the Board and may vary depending on a variety of factors and conditions existing from time to time, including, among other things, adjusted funds flow from operations, fluctuations in commodity prices, production levels, capital expenditure requirements, acquisitions, debt service requirements and debt levels, operating costs, royalty burdens, foreign exchange rates and the satisfaction of the liquidity and solvency tests imposed by applicable corporate law for the declaration and payment of dividends. Depending on these and various other factors, many of which will be beyond the control of the Company, the Board will adjust the Company's dividend policy from time to time and, as a result, future cash dividends could be reduced or suspended entirely.

**BARRELS OF OIL AND CUBIC FEET OF NATURAL GAS EQUIVALENT:** The term "boe" (or barrels of oil equivalent) and "Mcf" (or thousand cubic feet of natural gas equivalent) may be misleading, particularly if used in isolation. A boe and Mcf conversion ratio of six thousand cubic feet of natural gas to one barrel of oil equivalent (6 Mcf: 1 bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Additionally, given that the value ratio based on the current price of crude oil, as compared to natural gas, is significantly different from the energy equivalency of 6:1; utilizing a conversion ratio of 6:1 may be misleading as an indication of value.

**INITIAL PRODUCTION RATES:** References in this press release to IP rates, other short-term production rates or initial performance measures relating to new wells are useful in confirming the presence of hydrocarbons; however, such rates are not determinative of the rates at which such wells will commence production and decline thereafter and are not indicative of long-term performance or of ultimate recovery. All IP rates presented herein represent the results from wells after all "load" fluids (used in well completion stimulation) have been recovered. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Company. Accordingly, the Company cautions that the test results should be considered to be preliminary.

#### NON-GAAP AND OTHER FINANCIAL MEASURES

In this press release, we use various non-GAAP and other financial measures to analyze operating performance and financial position. These non-GAAP and other financial measures do not have standardized meanings prescribed under IFRS and therefore may not be comparable to similar measures presented by other issuers. The term cash flow in this press release is equivalent to adjusted funds flow from operations.

#### Non-GAAP Financial Measures

##### Total sales, net of blending

Management utilizes total sales, net of blending expense to compare realized pricing to benchmark pricing. It is calculated by deducting the Company's blending expense from total sales. In the interim financial statements blending expense is recorded within blending and transportation expense.

	Three months ended March 31,	
	2024	2023
	<i>(thousands of dollars)</i>	
Total sales	134,034	104,209
Blending expense	(6,668)	(9,639)
Total sales, net of blending expense	127,366	94,570

### *Capital expenditures*

Management utilizes capital expenditures to measure total cash capital expenditures incurred in the period. Capital expenditures represents capital expenditures – exploration and evaluation and capital expenditures – property, plant and equipment in the statement of cash flows in the Company's interim financial statements.

	Three months ended March 31,	
	2024	2023
	<i>(thousands of dollars)</i>	
Cash flows used in investing activities	51,580	57,957
Proceeds from government grant	177	-
Change in non-cash working capital	13,510	11,537
Capital expenditures	<u>65,267</u>	<u>69,494</u>

### *Free cash flow*

Management utilizes free cash flow to assess the amount of funds available for future capital allocation decisions. It is calculated as adjusted funds flow from operations net of capital expenditures before dividends.

	Three months ended March 31,	
	2024	2023
	<i>(thousands of dollars)</i>	
Adjusted funds flow from operations	76,446	59,157
Capital expenditures	(65,267)	(69,494)
Free cash flow	<u>11,179</u>	<u>(10,337)</u>

### *Capital Management Measures*

#### *Adjusted funds flow from operations*

Management considers adjusted funds flow from operations to be a key measure to assess the Company's management of capital. In addition to being a capital management measure, adjusted funds flow from operations is used by management to assess the performance of the Company's oil and gas properties. Adjusted funds flow from operations is an indicator of operating performance as it varies in response to production levels and management of production and transportation costs. Management believes that by eliminating changes in non-cash working capital and adjusting for current income taxes in the period, adjusted funds flow from operations is a useful measure of operating performance.

	Three months ended March 31,	
	2024	2023
	<i>(thousands of dollars)</i>	
Cash flows provided by operating activities	55,047	60,201
Changes in non-cash working capital	4,628	(8,414)
Current income taxes	(12,233)	(8,572)
Current income taxes paid	29,004	15,942
Adjusted funds flow from operations	<u>76,446</u>	<u>59,157</u>

#### *Adjusted working capital*

Adjusted working capital is a capital management measure which management uses to assess the Company's liquidity. Financial derivative receivable/liability have been excluded as these contracts are subject to a high degree of volatility prior to settlement and relate to future production periods. Financial derivative receivable/liability are included in adjusted funds flow from operations when the contracts are ultimately realized. Management has included the effects of the repayable contribution to provide a better indication of Headwater's net financing obligations.

	March 31, 2024	December 31, 2023
	<i>(thousands of dollars)</i>	
Working capital	58,336	78,610
Repayable contribution	(11,619)	(11,405)
Financial derivative receivable	(205)	(3,758)
Financial derivative liability	2,329	79
Adjusted working capital	<u>48,841</u>	<u>63,526</u>

### Non-GAAP Ratios

#### *Adjusted funds flow netback, operating netback and operating netback, including financial derivatives*

Adjusted funds flow netback, operating netback and operating netback, including financial derivatives are non-GAAP ratios and are used by management to better analyze the Company's performance against prior periods on a more comparable basis.

Adjusted funds flow netback is defined as adjusted funds flow from operations divided by sales volumes in the period.

Operating netback is defined as sales less royalties, transportation and blending costs and production expense divided by sales volumes in the period. Sales volumes exclude the impact of purchased condensate and butane. Operating netback, including financial derivatives is defined as operating netback plus realized gains (losses) on financial derivatives.

#### *Adjusted funds flow from operations per share*

Adjusted funds flow from operations per share is a non-GAAP ratio and is used by management to better analyze the Company's performance against prior periods on a more comparable basis. Adjusted funds flow per share is calculated as adjusted funds flow from operations divided by weighted average shares outstanding on a basic or diluted basis.

### Supplementary Financial Measures

#### *Per boe numbers*

This press release represents various results on a per boe basis including Headwater average realized sales price, net of blending, realized gains (losses) on financial derivatives per boe, royalty expense per boe, transportation expense per boe, production expense per boe, general and administrative expenses per boe, interest income and other expense per boe, current taxes per boe and settlement of decommissioning liability expense per boe. These figures are calculated using sales volumes.