March 5, 2026

HEADWATER EXPLORATION INC. ANNOUNCES YEAR END 2025 OPERATING AND FINANCIAL RESULTS, OPERATIONS UPDATE AND DECLARES QUARTERLY DIVIDEND

CALGARY, ALBERTA – Headwater Exploration Inc. (the "**Company**" or "**Headwater**") **(TSX:HWX)** announces its operating and financial results for the three months and year ended December 31, 2025. Selected financial and operational information is outlined below and should be read in conjunction with the audited financial statements and the related management's discussion and analysis ("MD&A"). In addition, readers are also directed to the Company's Annual Information Form for the year ended December 31, 2025, dated March 5, 2026. These filings will be available on SEDAR+ at www.sedarplus.ca and the Company's website at www.headwaterexp.com.

Financial and Operating Highlights

	Three months ended December 31,		Percent Change	Year ended December 31,		Percent Change
	2025	2024		2025	2024	
Financial *(thousands of dollars except per share and production data)*						
Total sales, net of blending expense [1] [4]	145,308	156,475	(7)	593,815	592,638	-
Adjusted funds flow from operations [2]	79,254	87,903	(10)	326,225	336,557	(3)
Per share - basic [3]	0.33	0.37	(11)	1.37	1.42	(4)
- diluted [3]	0.33	0.37	(11)	1.36	1.42	(4)
Cash flows provided by operating activities	72,668	76,016	(4)	297,137	316,737	(6)
Per share - basic	0.31	0.32	(3)	1.25	1.34	(7)
- diluted	0.30	0.32	(6)	1.24	1.34	(7)
Net income	29,311	48,907	(40)	153,207	188,028	(19)
Per share - basic	0.12	0.21	(43)	0.64	0.80	(20)
- diluted	0.12	0.21	(43)	0.64	0.80	(20)
Capital expenditures [1]	46,066	48,686	(5)	228,288	222,866	2
Adjusted working capital [2]				23,581	67,578	(65)
Shareholders' equity				748,155	699,459	7
Dividends declared	26,154	23,776	10	104,728	95,037	10
Per share	0.11	0.10	10	0.44	0.40	10
Weighted average shares *(thousands)*						
Basic	238,142	237,512	-	237,877	236,386	1
Diluted	240,647	237,569	1	239,882	236,447	1
Shares outstanding, end of period *(thousands)*						
Basic				237,763	237,757	-
Diluted [5]				237,763	237,934	-
Operating *(6:1 boe conversion)*						
Average daily production						
Heavy crude oil *(bbls/d)*	22,091	20,304	9	20,707	19,095	8
Natural gas *(mmcf/d)*	12.1	7.2	68	11.5	6.9	67
Natural gas liquids *(bbls/d)*	143	51	180	160	67	139
Barrels of oil equivalent [9] *(boe/d)*	24,259	21,559	13	22,776	20,310	12
Average daily sales [6] *(boe/d)*	24,166	21,543	12	22,758	20,275	12
Netbacks *($/boe)* [3] [7]						
Operating						
Sales, net of blending expense [4]	65.35	78.95	(17)	71.50	79.86	(10)
Royalties	(10.29)	(13.81)	(25)	(12.52)	(14.60)	(14)
Transportation	(5.59)	(5.26)	6	(5.59)	(5.51)	1
Production	(7.21)	(7.64)	(6)	(7.39)	(7.35)	1
Operating netback [3]	42.26	52.24	(19)	46.00	52.40	(12)
Realized gains (losses) on financial derivatives	(1.12)	(0.35)	220	(0.78)	0.67	(216)
Operating netback, including financial derivatives [3]	41.14	51.89	(21)	45.22	53.07	(15)
General and administrative expense	(1.57)	(1.53)	3	(1.49)	(1.48)	1
Interest income and other expense [8]	0.31	0.60	(48)	0.42	0.77	(45)
Current tax expense	(4.13)	(6.62)	(38)	(4.84)	(7.00)	(31)
Settlement of decommissioning liability	(0.10)	-	100	(0.04)	(0.01)	300
Adjusted funds flow netback [3]	35.65	44.34	(20)	39.27	45.35	(13)

(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 audited annual financial statements blending expense is recorded within blending and transportation expense.
(5) Restricted share units ("RSU") and performance share units ("PSU") 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. For the three months ended December 31, 2025, sales volumes comprised of 21,998 bbs/d of heavy oil, 12.1 mmcf/d of natural gas and 143 bbls/d of natural gas liquids (2024 - heavy oil of 20,288 bbls/d, natural gas of 7.2 mmcf/d and natural gas liquids of 51 bbls/d). For the year ended December 31, 2025, sales volumes comprised of 20,689 bbls/d of heavy oil, 11.5 mmcf/d of natural gas and 160 bbls/d of natural gas liquids (2024 - heavy oil of 19,060 bbls/d, natural gas of 6.9 mmcf/d and natural gas liquids of 67 bbls/d).
(7) Netbacks are calculated using average sales volumes.
(8) Excludes unrealized foreign exchange gains/losses, accretion on decommissioning liabilities, interest on lease liability and interest on repayable contribution.
(9) See "Barrels of Oil Equivalent."

FOURTH QUARTER 2025 HIGHLIGHTS

- Achieved record average production of 24,259 boe/d, an increase of 13% over 2024 fourth quarter production of 21,559 boe/d.
- Realized adjusted funds flow from operations [(1)] of $79.3 million ($0.33 per basic share [(2)]) and cash flows from operating activities of $72.7 million ($0.31 per basic share).
- Achieved an operating netback, including financial derivatives [(2)], of $41.14/boe and an adjusted funds flow netback [(2)] of $35.65/boe.
- Generated net income of $29.3 million ($0.12 per basic share) equating to $13.18/boe.
- Executed a $46.1 million capital expenditure [(3)] program inclusive of development, exploration and secondary recovery implementation.
- Returned $0.11 per common share, or $26.2 million, to shareholders through dividends.
- As at December 31, 2025, Headwater had working capital of $30.0 million, adjusted working capital [(1)] of $23.6 million and no outstanding bank debt.

YEAR ENDED DECEMBER 31, 2025 HIGHLIGHTS

- Achieved record average production of 22,776 boe/d, an increase of 12% over 2024 annual production of 20,310 boe/d.
- Realized adjusted funds flow from operations [(1)] of $326.2 million ($1.37 per basic share [(2)]) and cash flows from operating activities of $297.1 million ($1.25 per basic share).
- Achieved an operating netback, including financial derivatives [(2)], of $45.22/boe and an adjusted funds flow netback [(2)] of $39.27/boe.
- Generated net income of $153.2 million ($0.64 per basic share) equating to $18.44/boe.
- Executed a $228.3 million capital expenditure [(3)] program:
    - Drilled 61.0 net crude oil wells during the year ended December 31, 2025;
    - Continued to pursue secondary recovery efforts with more than 50% of Headwater's oil production supported by secondary recovery at December 31, 2025; and
    - Achieved exploration success with material discoveries in the Grand Rapids formation at Marten Hills West and a new operating area at Greater Pelican.
- Returned a total of $0.44 per common share, or $104.7 million, to shareholders through dividends. The Company increased its quarterly cash dividend to $0.11 per common share ($0.44 per

common share annualized) effective for the dividend paid on April 15, 2025, to shareholders of record at the close of business on March 31, 2025. To date, Headwater has paid out a cumulative dividend of $317.6 million to shareholders ($1.34 per common share).

- Received Toronto Stock Exchange ("TSX") approval for Headwater's Normal Course Issuer Bid ("NCIB") application to purchase for cancellation up to 19,020,755 common shares during the period commencing on May 6, 2025, and ending on May 5, 2026. During the year ended December 31, 2025, Headwater repurchased 1.05 million common shares for cancellation at an average price of $7.30 per common share for total proceeds of $7.7 million.

(1) Capital management measure. Refer to "Non-GAAP and Other Financial Measures" within this press release.
(2) Non-GAAP ratio that does not have any standardized meaning under IFRS and therefore may not be comparable with the calculation of similar measures of other entities. Refer to "Non-GAAP and Other Financial Measures" within this press release.
(3) Non-GAAP financial measure that does not have any standardized meaning under IFRS and therefore may not be comparable with the calculation of similar measures of other entities. Refer to "Non-GAAP and Other Financial Measures" within this press release.

OPERATIONS UPDATE

Headwater achieved monumental success in 2025, generating 12% production per share growth while reducing our corporate decline to approximately 20% through investment in secondary recovery. Exploration results crushed expectations with significant discoveries in the Grand Rapids formation in Marten Hills West and the Wabiskaw formation in Greater Pelican. In addition, during 2025 Headwater added 145 net sections of land, complementing the Company's relentless pursuit of organic value creation.

Grand Rapids Formation in Marten Hills West

Headwater has 9 producing Grand Rapids multi-laterals that have delivered average 30-day initial production rates of 265 bbls/d, emphasizing the repeatable and prolific nature of the zone. Extraordinary well results have allowed the Grand Rapids to grow from inception to over 2,200 bbls/d in less than 10 months. Headwater also anticipates commissioning our fourth Grand Rapids secondary recovery pilot early in the second quarter of 2026, which is expected to elevate production supported under secondary recovery to more than 1,100 bbls/d.

Results from the 3-mile northwest step-out test drilled in the fourth quarter of 2025 at 03/13-22-075-02W5 have outperformed expectations with a 60-day initial production rate of 335 bbls/d. The supporting water injection well was commissioned mid-February 2026. Success from this well has expanded pool boundaries to an estimated 20 sections.

Year to date, Headwater has drilled and brought on production two Grand Rapids tests. The 05/02-17-075-01W5, a 6-leg multi-lateral development well has achieved a 30-day initial production rate of 230 bbls/d of 19.4 API oil. Headwater also drilled an exploration step-out test at 00/09-15-074-26W4 which has recently recovered load fluid and achieved a 15-day initial production rate of 65 bbls/d at an 85% water cut. Although water cuts are higher than anticipated, the results from this 13-mile exploration step out to the southeast provide critical geo-technical data that set up the next up-dip target and provide a better understanding of the regional extent of the Grand Rapids.

Across the balance of 2026, Headwater anticipates drilling up to 15 additional Grand Rapids wells, in addition to commissioning 2 sections of Grand Rapids secondary recovery.

Greater Pelican Area

Secondary recovery supported volumes have enabled the Greater Pelican area to maintain production levels at approximately 1,400 bbls/d, despite having no capital expenditures in the first quarter of 2026. The two 4-leg lateral wells at 03/14-31-079-22W4 and 03/03-19-079-22W4 have been supported by polymer flood since mid-December 2025 and have achieved average 90-day initial production rates of

430 bbls/d. Headwater is highly encouraged by the results and anticipates returning to the area in the third quarter of 2026 to expand the polymer flood, in addition to drilling 2-3 untested exploration prospects. The initial multi-lateral discovery well at 04/04-19-079-22W4 has now produced more than 150,000 bbls of oil and has paid out invested capital more than twice in the first 10 months of production.

Marten Hills West

Headwater continues to add duration in the Clearwater Sandstone and Clearwater E formations through boundary extensions and secondary recovery development. The Clearwater Sandstone formation has grown from 0 to approximately 11,000 bbls/d over the past four years and benefits from 3,000 bbls/d of oil that has been stabilized under secondary recovery with no decline for over a year.

The Clearwater E formation has grown from 0 to approximately 2,000 bbls/d over the past two years and benefits from 1,400 bbl/d of oil that has been stabilized under secondary recovery with no decline for the past 5 months.

Collectively between the Clearwater Sandstone and Clearwater E formations, Headwater currently has 9 sections under secondary recovery and anticipates implementing an additional 4-5 sections of secondary recovery in 2026.

Secondary Recovery

Year to date in 2026, Headwater has aggressively advanced our secondary recovery efforts with implementation across an additional 2 sections. Supported volumes now exceed 12,000 bbls/d and it is estimated 14,000 bbls/d will be supported by year-end 2026, representing 60% of Headwater's corporate oil production. With commercial results in the Clearwater Sandstone, Clearwater E, Grand Rapids and Wabiskaw, combined with Headwater's commitment to continue secondary recovery development, the Company has visibility to decline rates approaching 15% and sustaining capital of less than 25% of adjusted funds flow from operations at US$60 WTI by 2028.

Exploration

Exploration remains a pillar of Headwater's business model and we are excited to report the recent acquisition of 68 contiguous sections of land within the Clearwater fairway in the Duncan area. The team has identified the potential for commercial oil production from a Lower Mannville target in the area and we recently spud our first multi-lateral exploration test targeting this zone.

In 2026, Headwater anticipates spending $25 million on exploration, testing multiple new play concepts. We recently concluded our planned winter access stratigraphic test program. Results from the stratigraphic program have identified additional prospective plays that will be followed up in the first quarter of 2027.

McCully

McCully was placed back on production December 1st to align with our aggressive hedging profile. Approximately 90% of our December 2025 to April 2026 volumes are hedged at Cdn$14.25/mmbtu which is expected to provide approximately $17 million of cash flow (1) over the winter producing season (2). Headwater's structured hedging program for the McCully assets has provided consistent cash flow against highly volatile gas pricing experienced during the winter season.

(1) Non-GAAP financial measure that does not have any standardized meaning under IFRS and therefore may not be comparable with the calculation of similar measures of other entities. Refer to "Non-GAAP and Other Financial Measures" within this press release.
(2) McCully's winter season is estimated to be December 1, 2025 to April 30, 2026.

FIRST QUARTER DIVIDEND

The Board of Directors of Headwater confirms a cash dividend to shareholders of $0.11 per common share payable on April 15, 2026, to shareholders of record at the close of business on March 31, 2026. This dividend is an eligible dividend for the purposes of the *Income Tax Act* (Canada).

OUTLOOK

With a track record of strong capital allocation, Headwater remains committed to maximizing duration and shareholder returns through a balance of growth, organic expansion, secondary recovery and return of capital.

Headwater's strong balance sheet, flexible budget and short drilling cycle times allow the company to adapt quickly to changing market conditions and optimize capital allocation.

FOR FURTHER INFORMATION PLEASE CONTACT:

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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 commissioning of a fourth Grand Rapids secondary recovery pilot early in the second quarter of 2026, which is expected to elevate production supported under secondary recovery to more than 1,100 bbls/d; that across the balance of 2026, Headwater anticipates drilling up to 15 additional Grand Rapids wells, in addition to commissioning 2 sections of Grand Rapids secondary recovery; the expectation to return to the Greater Pelican area in the third quarter of 2026 to expand the polymer flood, in addition to drilling 2-3 untested exploration prospects; the expectation to implement an additional 4-5 sections of secondary recovery in Marten Hills West in 2026; the expectation that by year-end 2026, 14,000 bbls/d of oil will be supported by secondary recovery, representing 60% of Headwater's corporate oil production; that Headwater has visibility to decline rates approaching 15% and sustaining capital of less than 25% of adjusted funds flow from operations at US$60 WTI by 2028; the expectation that Headwater will spend $25 million on exploration, testing multiple new play concepts in 2026; the expectation that results from the stratigraphic program will be followed up in the first quarter of 2027; that approximately 90% of volumes from December 2025 to April 2026 are hedged; expected McCully cash flow for the 2025-2026 winter season and the estimated timing of the winter season; the anticipated terms of the Company's quarterly dividend, including its expectation that it will be designated as an "eligible dividend"; and that Headwater remains committed to maximizing duration and shareholder returns through a balance of growth, organic expansion, secondary recovery and return of capital. 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 and certain other guidance assumptions as detailed below under the heading "Future Oriented Financial Information" as set out below. 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; the impacts of the Russian-Ukrainian war, middle eastern conflicts and United States interventions in Venezuela 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 and other major health events, 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), the impact of tariffs imposed by the United States, Canada and other countries and any changes to such tariffs on the Canadian and global economy and the oil and gas industry, the risks relating to the upcoming review of the United States-Mexico-Canada Agreement and the impacts on the Canadian economy and the Company's business, commodity price and exchange rate fluctuations, changes in legislation affecting the oil and gas industry and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. Refer to Headwater's Annual Information Form dated March 5, 2026, on SEDAR+ at www.sedarplus.ca, and the risk factors contained therein.

FUTURE ORIENTED FINANCIAL INFORMATION: 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 2026 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.

DECLINE RATES: In this press release, Headwater uses the oil and gas metric decline rate, which does not have standardized meaning and therefore may be calculated differently from the metrics presented by other oil and gas companies. Corporate decline is calculated by the year over year reduction in the corporate production if the Company is not drilling any additional wells. Decline rate has been included herein to provide readers with additional measures to evaluate the performance of the Company; however, such measure is not a reliable indicator of the future performance of Headwater's assets or value of its common shares.

DIVIDENDS: The amount of future cash dividends paid by the Company, if any, will be subject to the discretion of the Board of Directors of Headwater (the "Board") and may vary depending on a variety of factors and conditions existing from time to time, including, among other things, adjusted funds 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 (IP) RATES: References in this press release to initial production 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. Unless otherwise indicated, 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

Non-GAAP Financial Measures

In this press release, we refer to certain financial measures (such as total sales, net of blending and capital expenditures) which do not have any standardized meaning prescribed by IFRS. Our determinations of these measures may not be comparable with calculations of similar measures for other issuers.

Total sales, net of blending expense

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 audited annual financial statements blending expense is recorded within blending and transportation expense.

	Three months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
	(thousands of dollars)		*(thousands of dollars)*	
Total sales	151,080	163,107	618,280	619,804
Blending expense	(5,772)	(6,632)	(24,465)	(27,166)
Total sales, net of blending expense	145,308	156,475	593,815	592,638

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 audited annual financial statements netted by the government grant.

	Three months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
	(thousands of dollars)		*(thousands of dollars)*	
Cash flows used in investing activities	61,120	45,932	227,885	226,852
Proceeds from government grant	-	-	-	354
Change in non-cash working capital	(15,054)	2,754	403	(4,340)
Capital expenditures	46,066	48,686	228,288	222,866

Capital Management Measures

This press release contains the terms adjusted funds flow from operations and adjusted working capital, which are considered capital management measures. The term cash flow in this press release is equivalent to adjusted funds flow from operations.

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. Adjusted funds flow from operations is an indicator as to whether adjustments are necessary to the level of capital expenditures. For example, in periods where adjusted funds flow from operations is negatively impacted by reduced commodity pricing, capital expenditures may need to be reduced or curtailed to preserve the Company's capital structure and return of capital policy. Management believes that by excluding the impact of changes in non-cash working capital and restricted cash and adjusting for current income taxes in the period, adjusted funds flow from operations provides a useful measure of Headwater's ability to generate the funds necessary to manage the capital needs of the Company. In addition to being a capital management measure, adjusted funds flow from operations is used by management to assess the Company's financial performance.

	Three months ended December 31,		Year ended, December 31,	
	2025	2024	2025	2024
	(thousands of dollars)		*(thousands of dollars)*	
Cash flows provided by operating activities	72,668	76,016	297,137	316,737
Changes in non–cash working capital	7,376	14,774	13,205	12,096
Current income tax expense	(9,176)	(13,114)	(40,220)	(51,962)
Current income taxes paid	8,386	10,227	54,103	59,686
Restricted cash	-	-	2,000	-
Adjusted funds flow from operations	79,254	87,903	326,225	336,557

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 contribution receivable and repayable contribution to provide a better indication of Headwater's net financing obligations.

	Year ended December 31,	
	2025	2024
	(thousands of dollars)	
Working capital	29,951	78,735
Repayable contribution	(7,202)	(10,916)
Financial derivative receivable	(393)	(3,088)
Financial derivative liability	1,225	2,847
Adjusted working capital	23,581	67,578

Non-GAAP Ratios

This press release contains the terms adjusted funds flow netback, operating netback and operating netback, including financial derivatives which are considered non-GAAP ratios and may also be considered oil and gas metrics. Our determinations of these measures may not be comparable with calculations of similar measures for other issuers.

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. The sales price, transportation and blending costs, and sales volumes exclude the impact of purchased condensate and butane. Operating netback, including financial derivatives is defined as operating netback plus realized gains or losses on financial derivatives.

Adjusted funds flow per share

Adjusted funds flow 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.

Per boe numbers

This press release represents various results on a per boe basis including Headwater average realized sales price, net of blending, financial derivatives gains (losses) 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 liabilities per boe. These figures are calculated using sales volumes.