

November 18, 2020

HEADWATER EXPLORATION INC. ANNOUNCES RECEIPT OF SHAREHOLDER WRITTEN CONSENT FOR TRANSACTION WITH CENOVUS ENERGY INC.

CALGARY, ALBERTA – Headwater Exploration Inc. (the "**Company**" or "**Headwater**") (**TSX:HWX**) announces it has received written consents from shareholders holding a majority of the issued and outstanding common shares (the "**Common Shares**") of Headwater approving the Company's previously announced transaction (the "**Transaction**") with Cenovus Energy Inc. ("**Cenovus**"). Pursuant to the Transaction, Headwater will acquire 100% of Cenovus' assets in the Marten Hills area of Alberta.

Headwater will issue 50 million Common Shares and 15 million warrants (the "**Warrants**") to purchase Common Shares exercisable at \$2.00 per Common Share with a three-year term to Cenovus as a portion of the consideration for the acquisition of the assets under the Transaction. As a result, on closing of the Transaction Cenovus will own or control, directly or indirectly, approximately 26% of the issued and outstanding Common Shares (assuming no Warrants are exercised) and approximately 31% of the issued and outstanding Common Shares (assuming all Warrants are fully exercised).

In accordance with the policies of the Toronto Stock Exchange (the "**TSX**"), the approval of Headwater shareholders is required for the Transaction as it will result in the issuance of greater than 25% of the issued and outstanding Common Shares and Cenovus owning or controlling, directly or indirectly, greater than 20% of the issued and outstanding Common Shares on completion of the Transaction. Headwater has now received written consents from Headwater shareholders holding in excess of 60% of the issued and outstanding Common Shares indicating that such shareholders consent to, and approve, the Transaction, including the issuance of the Common Shares and Warrants to Cenovus. As a result, Headwater will not be required to hold the special meeting of its shareholders that it intended to hold on December 21, 2020.

Pursuant to the written consent, Headwater shareholders also consented to and approved the use of the twenty day volume weighted average trading price instead of TSX's prescribed five day volume weighted average trading price for various provisions in the Warrants including, in certain circumstances, for the "cashless" exercise of the Warrants. The TSX has accepted the written consents as evidence of shareholder approval for the Transaction subject to meeting certain conditions, including that the parties wait a minimum of five business days from the date of this press release to close the Transaction.

Headwater and Cenovus have made the necessary filings with the Competition Bureau under the *Competition Act* (Canada) with respect to the Transaction and, assuming the Competition Bureau treats the Transaction as a "non-complex" transaction, it is anticipated that the required approval will be received on or about November 30, 2020. Following receipt of the *Competition Act* approval, the parties intend to work expeditiously towards closing the Transaction and anticipate closing the Transaction on or about December 2, 2020.

For additional information relating to the Transaction see Headwater's press release dated November 9, 2020, which is available on SEDAR at www.sedar.com.

Additional corporate information can be found in our corporate presentation on our website at www.headwaterexp.com or on www.sedar.com.

FOR FURTHER INFORMATION PLEASE CONTACT:

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

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

HEADWATER EXPLORATION INC.
Ms. Ali Horvath, CPA, CA
Vice President, Finance and Chief Financial Officer

info@headwaterexp.com
(587) 391-3680

Forward Looking Statements Advisory

This press release of the Company contains forward-looking statements and forward-looking information (collectively, "forward-looking statements"). More particularly, this press release contains forward-looking statements concerning: the terms of the Transaction including the Common Shares and Warrants to be issued, the anticipated date for receiving approval under the Competition Act, and the anticipated closing date for the Transaction. In addition, the use of any of the words "guidance", "initial", "scheduled", "can", "will", "prior to", "estimate", "anticipate", "believe", "should", "forecast", "future", "continue", "may", "expect", and similar expressions are intended to identify forward-looking statements.

The forward-looking statements contained in this press release are based on certain key expectations and assumptions made by management of Headwater including but not limited to the receipt of all regulatory and other approvals required for the Transaction; the treatment of the Transaction by the Competition Bureau; the ability of parties to satisfy all conditions to closing of the Transaction; and other assumptions identified herein, including certain expectations and assumptions made by Headwater management in respect thereof. Although Headwater management 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 there is 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 (including but not limited to operational risks in development, exploration and production); failure to realize the anticipated benefits of the Transaction; geopolitical events; delays or changes in expected timing for satisfying the conditions for closing of the Transaction; and the short and long-term impacts of the Covid-19 pandemic.

Additional information on these and other factors that could affect Headwater's operations and financial results are included in its Annual Information Form for the year ended December 31, 2019 and other reports on file with Canadian securities regulatory authorities, which may be accessed through the SEDAR website (www.sedar.com).

Unless explicitly noted otherwise, forward-looking statements contained in this press release are made as of the date hereof and Headwater management does not undertake any obligation to update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.