

HEADWATER EXPLORATION INC.

Interim Condensed Statements of Financial Position

(unaudited)

	March 31 2022	December 31 2021
<i>(Cdn\$ thousands)</i>	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	94,803	114,703
Restricted cash (note 11)	5,350	350
Accounts receivable (note 11)	49,624	30,601
Financial derivative receivable (note 11)	565	770
Inventories	2,900	807
Prepays and deposits	658	489
Total current assets	153,900	147,720
Exploration and evaluation assets (note 3)	55,181	28,993
Property, plant and equipment (note 4)	348,332	310,290
Right-of-use assets	1,271	1,469
Other assets	335	335
Total assets	559,019	488,807
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 11)	66,384	52,970
Deferred share units liability (note 7)	252	196
Financial derivative liability (note 11)	3,515	3,924
Current portion of lease liability	811	855
Current income tax liability	5,816	-
Total current liabilities	76,778	57,945
Lease liability	527	695
Decommissioning liability (note 5)	28,419	27,600
Deferred income tax liability	12,147	4,776
Total liabilities	117,871	91,016
Shareholders' Equity		
Capital stock (note 6)	472,007	469,521
Warrants (note 6)	3,037	5,437
Contributed surplus	15,594	14,686
Deficit	(49,490)	(91,853)
Total shareholders' equity	441,148	397,791
Total liabilities and shareholders' equity	559,019	488,807

Commitments (note 12)
Subsequent events (note 13)

See accompanying notes to the interim condensed financial statements

Approved on behalf of the Board of Directors:

(signed) "Chandra Henry"
Chandra Henry, CPA, CA
Director

(signed) "Neil Roszell"
Neil Roszell
Chairman

HEADWATER EXPLORATION INC.
Interim Condensed Statements of Income (Loss) and
Comprehensive Income (Loss)
(unaudited)

	Three months ended March 31,	
	2022	2021
<i>(Cdn\$ thousands, except per share data)</i>	\$	\$
REVENUE		
Sales (note 8)	119,262	25,492
Royalties	(16,838)	(2,355)
Revenue, net of royalties	102,424	23,137
Losses on financial derivatives (note 11)	(4,075)	(805)
	98,349	22,332
EXPENSES		
Blending and transportation	14,711	4,959
Production	6,436	2,413
General and administrative	1,650	847
Remeasurement loss on warrant liability	-	19,195
Stock-based compensation (note 7)	699	520
Depletion and depreciation (note 4)	19,038	7,250
	42,534	35,184
Interest income and other expense (note 9)	(265)	59
Income (loss) before income taxes	55,550	(12,793)
Income taxes		
Current income tax expense	5,816	-
Deferred income tax expense	7,371	-
Net income (loss) and comprehensive income (loss)	42,363	(12,793)
Net income (loss) per share (note 6)		
Basic	0.19	(0.07)
Diluted	0.18	(0.07)

See accompanying notes to the interim condensed financial statements

HEADWATER EXPLORATION INC.

Interim Condensed Statements of Cash Flows

(unaudited)

	Three months ended March 31,	
	2022	2021
Cash flow related to the following activities:		
<i>(Cdn\$ thousands)</i>	\$	\$
OPERATING		
Net income (loss)	42,363	(12,793)
Items not involving cash:		
Unrealized losses on financial derivatives (note 11)	130	254
Remeasurement loss on warrant liability	-	19,195
Stock-based compensation	699	520
Depletion and depreciation	19,038	7,250
Income tax expense	13,187	-
Non-cash finance charges (note 9)	422	53
Change in non-cash operating working capital (note 10)	(15,150)	(1,696)
Cash flows provided by operating activities	60,689	12,783
FINANCING		
Payment of lease liability	(232)	(36)
Proceeds from exercise of stock options & warrants (note 6)	17	384
Cash flows provided by (used in) financing activities	(215)	348
INVESTING		
Capital expenditures – property, plant and equipment (note 4)	(43,693)	(36,994)
Capital expenditures – exploration and evaluation (note 3)	(38,264)	(278)
Change in restricted cash	(5,000)	1,237
Change in non-cash investing working capital (note 10)	6,583	27,775
Cash flows used in investing activities	(80,374)	(8,260)
Change in cash and cash equivalents	(19,900)	4,871
Cash and cash equivalents, beginning of period	114,703	76,772
Cash and cash equivalents, end of period	94,803	81,643

See accompanying notes to the interim condensed financial statements

HEADWATER EXPLORATION INC.

Interim Condensed Statements of Changes in Shareholders' Equity

(unaudited)

	Note	Capital stock	Warrants	Contributed surplus	Deficit	Total Shareholders' equity
<i>(Cdn\$ thousands)</i>		\$	\$	\$	\$	\$
Balance at January 1, 2021		387,393	7,659	11,659	(137,681)	269,030
Exercise of stock options		26	-	(26)	-	-
Exercise of warrants		531	(147)	-	-	384
Stock-based compensation		-	-	840	-	840
Net loss		-	-	-	(12,793)	(12,793)
Balance at March 31, 2021		387,950	7,512	12,473	(150,474)	257,461
Balance at January 1, 2022		469,521	5,437	14,686	(91,853)	397,791
Exercise of stock options	6	86	-	(69)	-	17
Exercise of warrants	6	2,400	(2,400)	-	-	-
Stock-based compensation		-	-	977	-	977
Net income		-	-	-	42,363	42,363
Balance at March 31, 2022		472,007	3,037	15,594	(49,490)	441,148

See accompanying notes to the interim condensed financial statements

HEADWATER EXPLORATION INC.

Notes to the Interim Condensed Financial Statements

(unaudited)

As at and for the three months ended March 31, 2022 and 2021

(All tabular amounts in thousands, unless otherwise stated)

1. NATURE OF OPERATIONS

Headwater Exploration Inc. ("Headwater" or the "Company") is a Canadian resource company engaged in the exploration for and development and production of petroleum and natural gas in Canada. Headwater is a public company existing under the Alberta Business Corporations Act with common shares listed on the Toronto Stock Exchange ("TSX") under the symbol "HWX".

Headwater's principal place of business is located at 1200, 500 – 4th Avenue S.W., Calgary, Alberta, T2P 2V6 and its registered office is located at 2400, 525 – 8th Avenue S.W., Calgary, Alberta, T2P 1G1.

2. BASIS OF PREPARATION

These unaudited interim condensed financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and in accordance with IAS 34 – *Interim Financial Reporting*. The unaudited interim condensed financial statements do not include all information required for annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2021. These unaudited interim condensed financial statements have been prepared following the same accounting policies as the Company's audited financial statements for the year ended December 31, 2021.

The timely preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ materially from these estimates. Significant judgments, estimates and assumptions made by management in these financial statements are outlined in the audited financial statements for the year ended December 31, 2021.

These unaudited interim condensed financial statements were approved and authorized for issue by the Company's Board of Directors on May 12, 2022.

3. EXPLORATION AND EVALUATION ("E&E") ASSETS

Exploration and evaluation assets consist of the Company's undeveloped land, geological and geophysical assets and exploratory drilling costs for projects in which technical feasibility or commercial viability has yet to be determined.

The following table reconciles the movements of the Company's E&E assets for the periods:

	March 31, 2022	December 31, 2021
	\$	\$
Balance, beginning of period	28,993	27,101
Additions	38,264	14,409
Transfers to PP&E	(12,076)	(12,517)
Balance, end of period	55,181	28,993

The Company concluded there are no indicators of impairment for its E&E assets as at March 31, 2022.

4. PROPERTY, PLANT AND EQUIPMENT (“PP&E”)

The following table reconciles the movements of the Company's PP&E assets for the periods:

	Oil and gas properties	Corporate	Total
Cost	\$	\$	\$
Balance at December 31, 2020	448,721	2,739	451,460
Additions	127,345	13	127,358
Transfers from E&E	12,517	-	12,517
Changes in decommissioning liabilities	10,541	-	10,541
Balance at December 31, 2021	599,124	2,752	601,876
Additions ⁽¹⁾	44,027	-	44,027
Transfers from E&E	12,076	-	12,076
Changes in decommissioning liabilities	704	-	704
Balance at March 31, 2022	655,931	2,752	658,683
Accumulated depletion, depreciation and impairment			
Balance at December 31, 2020	261,645	2,151	263,796
Depletion or depreciation expense	44,007	76	44,083
Impairment reversal	(16,293)	-	(16,293)
Balance at December 31, 2021	289,359	2,227	291,586
Depletion or depreciation expense	18,748	17	18,765
Balance at March 31, 2022	308,107	2,244	310,351
Net book value at December 31, 2021	309,765	525	310,290
Net book value at March 31, 2022	347,824	508	348,332

(1) Includes capitalized general and administrative expenses of \$0.8 million and capitalized stock-based compensation of \$0.3 million.

The Company concluded there are no indicators of impairment for its CGUs as at March 31, 2022.

5. DECOMMISSIONING LIABILITY

The following table reconciles the movements of the Company's decommissioning liability for the periods:

	March 31, 2022	December 31, 2021
	\$	\$
Balance, beginning of period	27,600	16,718
Additions	4,647	10,772
Change in estimate ⁽¹⁾	(3,943)	(231)
Accretion	115	341
Balance, end of period	28,419	27,600

(1) Change in estimate relates to an increase in the risk-free rate from 1.7% at December 31, 2021 to 2.4% at March 31, 2022.

The Company's decommissioning liabilities are based on the Company's net ownership in wells and related infrastructure.

The Company has estimated the net present value of its total decommissioning liabilities to be \$28.4 million as at March 31, 2022 (December 31, 2021 - \$27.6 million). The total future inflated and undiscounted amount of estimated cash flows required to settle these obligations is \$47.5 million (December 31, 2021 - \$40.7 million). Management estimates the settlement of these obligations will occur over the next 16 to 32 years. At March 31, 2022, a risk-free rate of 2.4% (December 31, 2021 – 1.7%) and an inflation rate of 1.8% (December 31, 2021 – 1.8%) were used to calculate the estimated fair value of the decommissioning liability.

6. CAPITAL STOCK

a) Issued and outstanding

	March 31, 2022		December 31, 2021	
	Number of shares	Amount	Number of shares	Amount
		\$		\$
Balance, beginning of period	217,681	469,521	195,106	387,393
Deferred income taxes on share issue costs	-	-	-	288
Exercise of warrants by Cenovus	-	-	15,000	72,904
Exercise of stock options	112	86	1,299	990
Exercise of warrants	5,934	2,400	6,276	7,946
Balance, end of period	223,727	472,007	217,681	469,521

Stock Options

During the three months ended March 31, 2022, 138 thousand stock options were exercised for 112 thousand common shares. Contributed surplus related to the stock options exercised of \$69 thousand was transferred to capital stock.

Warrants

During the three months ended March 31, 2022, 6,793 thousand warrants were exercised for 5,934 thousand common shares. The associated fair value of the warrants of \$2.4 million was transferred to capital stock.

b) Warrants

	March 31, 2022		December 31, 2021	
	Number of warrants	Amount	Number of warrants	Amount
		\$		\$
Balance, beginning of period	15,387	5,437	21,677	7,659
Exercise of warrants	(6,793)	(2,400)	(6,290)	(2,222)
Balance, end of period	8,594	3,037	15,387	5,437

As at March 31, 2022, there were 8.6 million warrants outstanding which have an exercise price of \$0.92 and expire in March 2024. The fair value of the warrants is recorded in shareholders' equity. Subsequently, any consideration paid to the Company on the exercise of warrants along with the fair value of warrants will be credited to capital stock.

c) Per share amounts

Basic per share amounts are calculated using the weighted average number of shares outstanding. The Company uses the treasury stock method to determine the impact of dilutive securities. The reconciling items between basic and diluted average common shares outstanding are stock options and warrants.

	Three months ended March 31,	
	2022	2021
Weighted average shares outstanding		
Basic	221,209	195,322
Diluted	234,265	195,322

As the Company incurred a net loss for the three months ended March 31, 2021, in computing the diluted net loss per share, the effect of stock options and warrants were excluded as they were anti-dilutive.

7. STOCK-BASED COMPENSATION

a) Stock options

The following table summarizes the changes in the outstanding stock options for the periods:

	Three months ended March 31, 2022		Year ended December 31, 2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of period	9,505	\$ 2.36	7,978	\$ 1.32
Granted	-	-	3,430	\$ 4.22
Forfeited, cancelled or expired	-	-	(160)	\$ 2.87
Exercised ⁽¹⁾	(138)	\$ 1.18	(1,743)	\$ 1.18
Options outstanding, end of period	9,367	\$ 2.38	9,505	\$ 2.36
Options exercisable, end of period	3,681	\$ 2.00	1,083	\$ 1.45

(1) The Company's weighted average share price, at the date of exercise, for stock options exercised during the three months ended March 31, 2022 was \$5.59 per common share (three months ended March 31, 2021 - \$0.70 per common share).

The range of exercise prices of stock options outstanding and exercisable as at March 31, 2022 is as follows:

Outstanding options				Exercisable options	
Exercise prices	Number of options outstanding	Weighted average remaining term (years)	Weighted average exercise price	Number of options exercisable	Weighted average exercise price
\$ 0.72 - \$ 1.00	430	1.98	\$ 0.98	30	\$ 0.72
\$ 1.01 - \$ 2.00	4,242	1.99	\$ 1.06	2,358	\$ 1.06
\$ 2.01 - \$ 3.00	1,970	2.74	\$ 2.51	523	\$ 2.53
\$ 3.01 - \$ 5.23	2,725	3.03	\$ 4.57	770	\$ 4.57
Total	9,367	2.45	\$ 2.38	3,681	\$ 2.00

For the three months ended March 31, 2022, with respect to stock options, the Company recorded gross stock-based compensation expense of \$1.0 million and capitalized stock-based compensation expense of \$0.3 million.

b) Deferred share units

The following table summarizes the changes in the outstanding DSUs for the periods:

	March 31, 2022		December 31, 2021	
	Number of DSUs	Amount	Number of DSUs	Amount
		\$		\$
DSUs, beginning of period	38	196	38	91
Fair value adjustment during the period	-	56	-	105
DSUs, end of period	38	252	38	196

The DSU liability as at March 31, 2022 of \$252 thousand is based on a fair value of \$6.63 per DSU which is the Company's closing share price on March 31, 2022 (December 31, 2021 - \$5.15 per DSU).

8. SALES

The following table presents the Company's sales disaggregated by revenue source:

	Three months ended March 31,	
	2022	2021
	\$	\$
Heavy oil	103,373	19,155
Natural gas	15,252	5,718
Gathering, processing and transportation	567	588
Natural gas liquids	70	31
	119,262	25,492

Included in accounts receivable as at March 31, 2022 is \$48.4 million (December 31, 2021 - \$28.2 million) of accrued sales related to March 2022 production.

9. INTEREST INCOME AND OTHER EXPENSE

Interest income and other consist of the following:

	Three months ended March 31,	
	2022	2021
	\$	\$
Interest income	237	204
Realized and unrealized foreign exchange losses	(369)	(92)
Accretion	(115)	(50)
Interest on lease liability	(18)	(3)
	(265)	59

10. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended March 31,	
	2022	2021
	\$	\$
Change in non-cash operating working capital:		
Accounts receivable	(19,645)	(7,735)
Inventories	(2,167)	130
Prepays and deposits	(169)	(39)
Accounts payable and accrued liabilities	6,831	5,948
	(15,150)	(1,696)
Change in non-cash investing working capital:		
Accounts payable and accrued liabilities	6,583	27,775
	6,583	27,775

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments of the Company include cash and cash equivalents, restricted cash, accounts receivable, deposits, accounts payable and accrued liabilities and financial derivative receivable/liability. The Company is exposed to financial risks arising from its financial assets and liabilities that include credit risk in addition to market risks associated with commodity prices and foreign exchange rates.

a) The Company is exposed to the following risks:

i) Commodity price risk

Headwater enters into financial derivative commodity contracts to manage the risks associated with fluctuations in commodity prices. All such transactions are conducted in accordance with the Company's established risk management policies. The Company does not use derivative financial instruments for speculative purposes.

The Company had the following outstanding financial derivative commodity contracts as at March 31, 2022:

Commodity	Index	Type	Term	Daily Volume	Contract Price
Natural Gas	AGT ⁽¹⁾	Fixed	April 2022	5,000 mmbtu	Cdn\$6.48/mmbtu
Natural Gas	AGT	Fixed	Dec 2022- Mar 2023	2,500 mmbtu	Cdn\$17.91/mmbtu
Natural Gas	AGT	Fixed	Jan 2023- Feb 2023	2,500 mmbtu	Cdn\$32.71/mmbtu

(1) AGT = Algonquin city-gates

As security for certain financial derivative commodity contracts, the Company posted \$5.0 million to the counterparty as collateral which is recorded in restricted cash.

In order to establish a risk management facility to be able to enter into various financial derivative commodity contracts with a separate financial institution, Headwater entered into a demand debenture in the principal amount of \$75 million providing for a floating charge over all assets of the Company. The risk management facility does not have any financial covenants that must be adhered to and the Company is in compliance with all other covenants.

Financial derivatives

The following table summarizes the Company's financial derivative losses on commodity contracts for the periods:

	Three months ended March 31,	
	2022	2021
	\$	\$
Losses on financial derivatives:		
- realized losses	(3,945)	(551)
- unrealized losses	(130)	(254)
Losses on financial derivatives	(4,075)	(805)

The following table summarizes the fair value as at March 31, 2022 and the change in fair value for the three months ended March 31, 2022:

	Commodity contracts	Foreign exchange contracts	Total
	\$	\$	\$
Net financial derivative receivable/liability, beginning of period	(3,385)	231	(3,154)
Unrealized change in fair value ⁽¹⁾	(130)	334	204
Net financial derivative receivable/liability, end of period	(3,515)	565	(2,950)

(1) Unrealized change in fair value related to the Company's foreign exchange contracts is included in interest income and other expense.

The fair value of the financial derivative liability related to the Company's commodity contracts of \$3.5 million as at March 31, 2022 is based on estimated future natural gas prices as of that date. The fair values of these financial derivative commodity contracts are sensitive to changes in the natural gas reference prices. Holding other assumptions constant, if AGT prices increased (decreased) by 10%, the fair value of the financial derivative liability would increase (decrease) by \$1.5 million.

ii) Foreign currency risk

The Company is exposed to fluctuations of the Canadian to U.S. dollar exchange rate given realized pricing is directly influenced by U.S. dollar denominated benchmark pricing and from exposure to its U.S. dollar denominated heavy oil and natural gas marketing arrangements. At March 31, 2022, US\$0.6 million (December 31, 2021- US\$0.5 million) of cash and US\$38.4 million (December 31, 2021- \$20.3 million) of accounts receivable were denominated in U.S. dollars.

Headwater mitigates this risk by entering into commodity contracts in Canadian dollars and entering into foreign exchange contracts.

The Company had the following outstanding foreign exchange contracts as at March 31, 2022:

Type	Buy Currency	Sell Currency	Rate	Notional Amount	Settlement Date
Forward contract	USD	CAD	March 2022 average ⁽¹⁾	US\$39.3 million	April 25, 2022
Forward contract	USD	CAD	1.2735	US\$1.0 million	April 25, 2022
Forward contract	USD	CAD	April 2022 average ⁽¹⁾	US\$29.3 million	May 25, 2022

(1) WM/Reuters Intraday Spot Rate as of Noon EST

Fair Value Measurement

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company maximizes the use of observable inputs when preparing calculations of fair value, where possible.

The fair value of cash and cash equivalents, restricted cash, accounts receivable, deposits and accounts payable and accrued liabilities approximate their carrying value due to the short term to maturity of these instruments.

The Company's financial derivative receivable/liability is considered Level 2 in the fair value hierarchy.

iii) Credit risk

At March 31, 2022, 100% of the Company's accounts receivables were outstanding for less than 30 days. Trade receivables generally have a 30-day term and have all been collected subsequent to March 31, 2022. As at March 31, 2022, the Company's receivables consisted of \$48.4 million (December 31, 2021 - \$28.2 million) from crude oil and natural gas marketers, \$0.6 million (December 31, 2021 - \$0.4 million) from its joint venture partner and \$0.6 million (December 31, 2021 - \$2.0 million) related to accrued interest and other.

b) Management of capital

The Company's objectives when managing capital are to i) deploy capital to provide an appropriate return on investment to its shareholders; ii) maintain financial flexibility in order to preserve the Company's ability to meet financial obligations; and iii) maintain a capital structure that provides financial flexibility to execute strategic acquisitions. To aid in managing the capital structure, the Company monitors adjusted working capital and adjusted funds flow from operations.

The Company's strategy is designed to maintain a flexible capital structure consistent with the objectives as stated above and to respond to changes in economic conditions and the risk characteristics of the underlying crude oil and natural gas assets. Key indicators of changing economic conditions include adjusted working capital and adjusted funds flow from operations. Headwater considers its capital structure to include shareholders' equity and working capital. In order to maintain or adjust its capital structure, the Company may from time to time issue new common shares, seek debt financing and adjust its capital spending to manage working capital.

In order to facilitate the management of its capital expenditures and working capital, the Company prepares annual budgets which are updated quarterly depending upon varying factors including current and forecast crude oil and natural gas prices, capital expenditures and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

i) Adjusted working capital

Management considers adjusted working capital to be a key measure to assess the Company's liquidity and capital management.

	As at March 31, 2022	As at December 31, 2021
	\$	\$
Working capital	77,122	89,775
Financial derivative receivable	(565)	(770)
Financial derivative liability	3,515	3,924
Adjusted working capital	80,072	92,929

ii) 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. Management believes that by excluding the impact of changes in non-cash working capital and deducting current income taxes, 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.

While current income taxes will not be paid until 2023, management believes adjusting for current income taxes in the period incurred is a better indication of the funds generated by the Company.

	Three months ended March 31,	
	2022	2021
	\$	\$
Cash flows provided by operating activities	60,689	12,783
Changes in non-cash working capital	15,150	1,696
Current income taxes	(5,816)	-
Adjusted funds flow from operations	70,023	14,479

Adjusted working capital and adjusted funds flow from operations are not standardized measures and, therefore, may not be comparable with the calculation of similar measures of other entities.

The Company has not paid or declared any dividends.

12. COMMITMENTS

As at March 31, 2022, the Company is committed to future payments under the following agreements:

	Total	2022	2023	2024	2025	2026	Thereafter
	\$	\$	\$	\$	\$	\$	\$
Transportation	102,281	7,068	10,828	11,043	12,121	13,222	47,999

- (1) At March 31, 2022, Headwater has the following transportation commitments:
 - a. 9- year take-or-pay transportation agreement with a minimum volume commitment of 10,000 boe/d.
 - b. 9- year financial commitment at \$1.9 million per year adjusted for inflation.
 - c. 9- year take-or-pay transportation agreement with a current minimum volume commitment of 1,250 boe/d increasing to 6,250 boe/d in year 3 and to 9,000 boe/d in year 6.
- (2) Excludes leases accounted for under IFRS 16.

13. SUBSEQUENT EVENTS

a) Commodity Contract

Subsequent to March 31, 2022, Headwater entered into the following commodity contract:

Commodity	Index	Type	Term	Daily Volume	Contract Price
Crude Oil	WCS Basis ⁽¹⁾	Differential	Oct 1-Dec 31, 2022	1,000 bbls	US\$15.75/bbl

- (1) WCS = Western Canadian Select. Headwater pays on WCS while counterparty pays on WTI (West Texas Intermediate) less US\$15.75/bbl.

b) Foreign Exchange Contracts

Subsequent to March 31, 2022, Headwater entered into the following foreign exchange contracts:

Type	Buy Currency	Sell Currency	Rate	Notional Amount	Settlement Date
Forward contract	USD	CAD	April 2022 average ⁽¹⁾	US\$2.4 million	May 25, 2022
Forward contract	USD	CAD	May 2022 average ⁽¹⁾	US\$29.5 million	June 27, 2022

- (1) WM/Reuters Intraday Spot Rate as of Noon EST