

Headwater Exploration
NYSE: CDDRF
TSX: HWX

BETTER INVESTING
Rocky Mountain Chapter

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1

B **2**

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2

B **3**

Company Profile

Headwater Exploration Inc is an oil and gas exploration and development company. It is engaged in the exploration for development and production of petroleum and natural gas onshore in McCully Field, New Brunswick and Marten Hills, Alberta. The firm generates substantial revenue from the sale of commodities which include crude oil, natural gas and natural gas liquids.

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Sector	Energy
Industry	Oil & Gas E&P
Stock Style Box	Small Growth
Total Number of Employees	28
Website	https://www.headwaterexp.com

<https://www.betterinvesting.org/chapters/rocky-mountain>

3

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BENEFITS OF DIVIDEND STOCKS



Benefits for the Investor

- ✓ Predictable income
- ✓ Reduced risk
- ✓ Profit without selling



Benefits for the Company

- ✓ Investor loyalty increase
- ✓ Stock price boost
- ✓ Good use of extra cash

The Motley Fool

4

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Predefined Screens

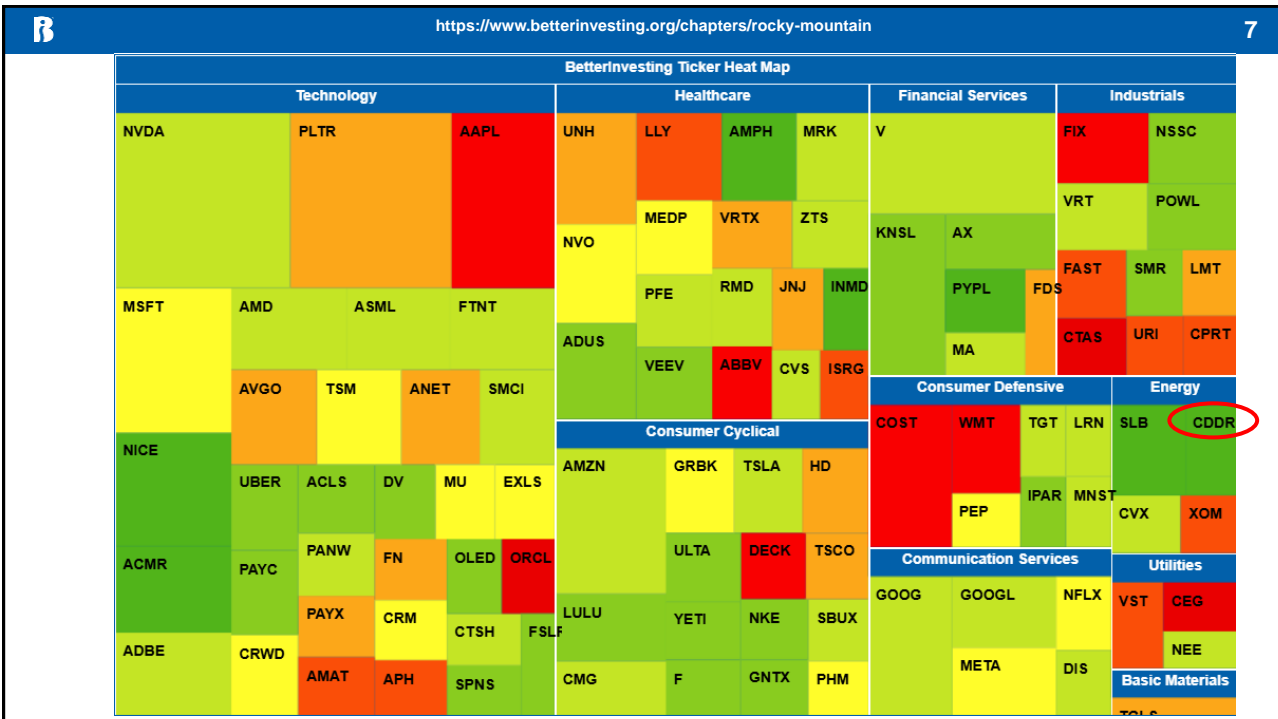
Quality	?
Value	?
Quality + Dividend Yield	?
Small Company	?
Roster of Quality	?
A-List Stocks	?

5

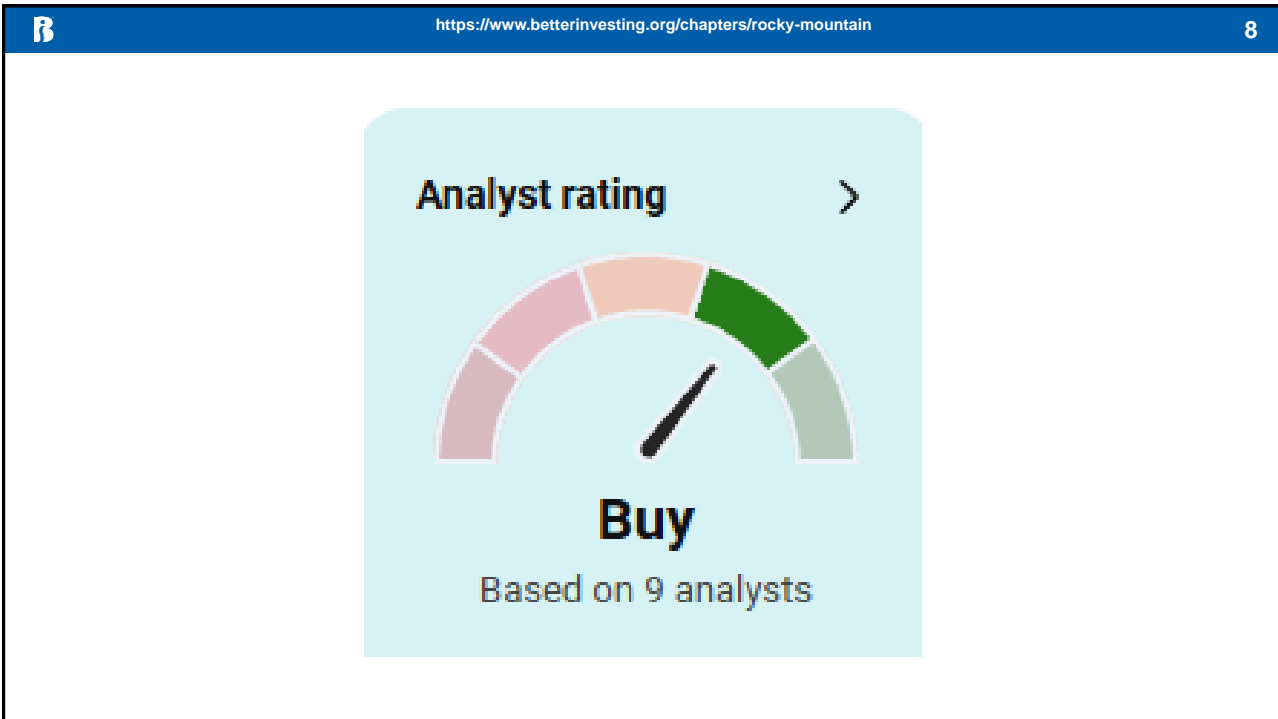
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Actions	Company	Ticker	Sector	Industry	Size	Sales Growth (%)	Earnings Growth (%)	EPS R2	Current P/E	PE / Hist EPS	Growth Grade
	Headwater Exploration Inc	CDDRF	Energy	Oil & Gas E&P	S	47.9	141.6	0.93	6	0.1	A
	Headwater Exploration Inc	HWX.TO	Energy	Oil & Gas E&P	S	47.9	141.6	0.93	8.6	0.1	A
	NAPCO Security Technologies Inc	NSSC	Industrials	Security & Protection Services	S	10.3	27.6	0.98	19.8	0.7	B
	NorthEast Community Bancorp Inc	NECB	Financial Services	Banks - Regional	S	18.7	30	0.91	6.9	0.2	B
	Novo Nordisk AS	NVO	Healthcare	Drug Manufacturers - General	L	10.4	12.7	0.93	26.3	2.1	B
	Perseus Mining Ltd	PRU.TO	Basic Materials	Gold	M	21.5	64.9	0.97	0	0	N/A
	Sapiens International Corp NV	SPNS	Technology	Software - Application	S	14.4	23.4	0.98	21.2	0.9	C
	Stock Yards Bancorp Inc	SYBT	Financial Services	Banks - Regional	S	12.8	10.5	0.98	19.6	1.9	C

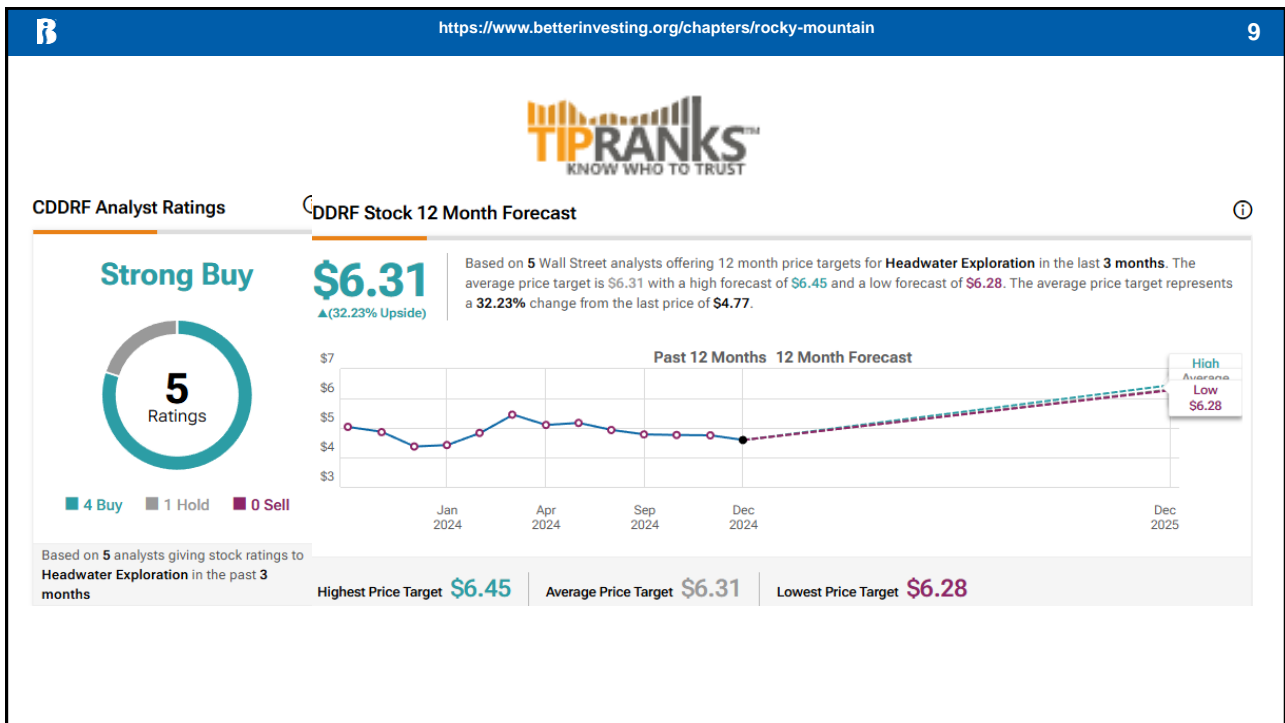
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8

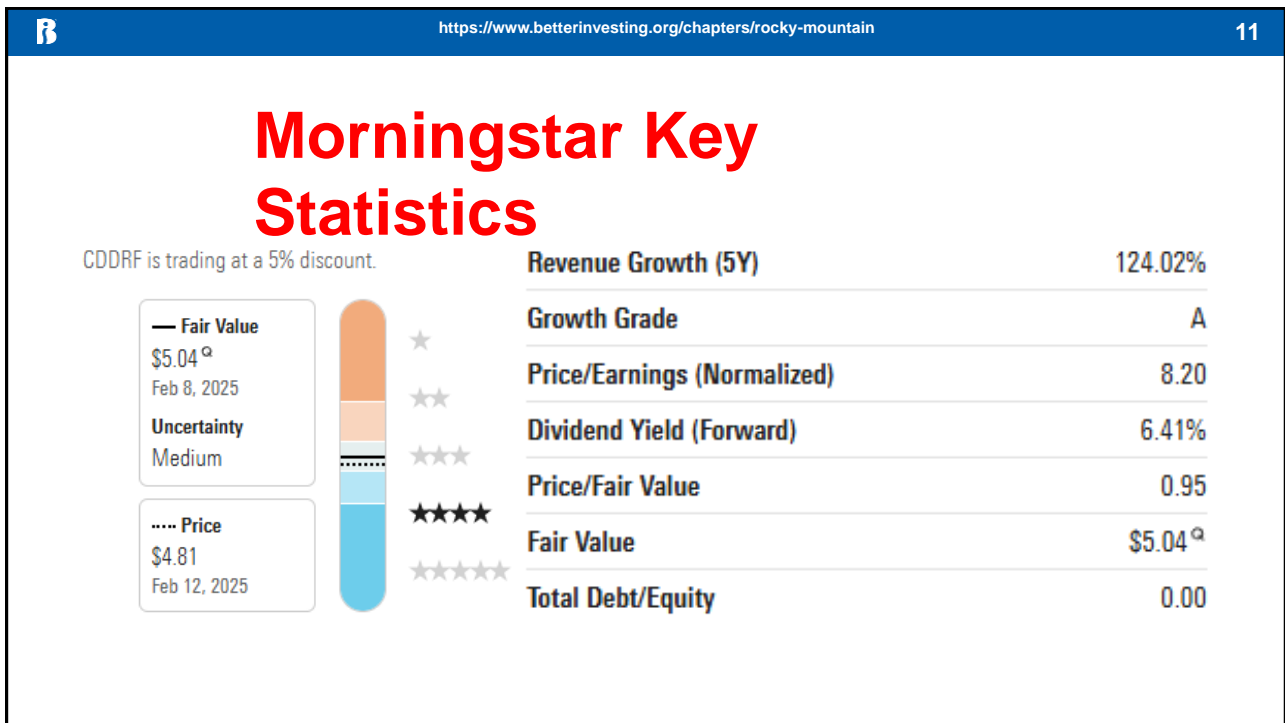


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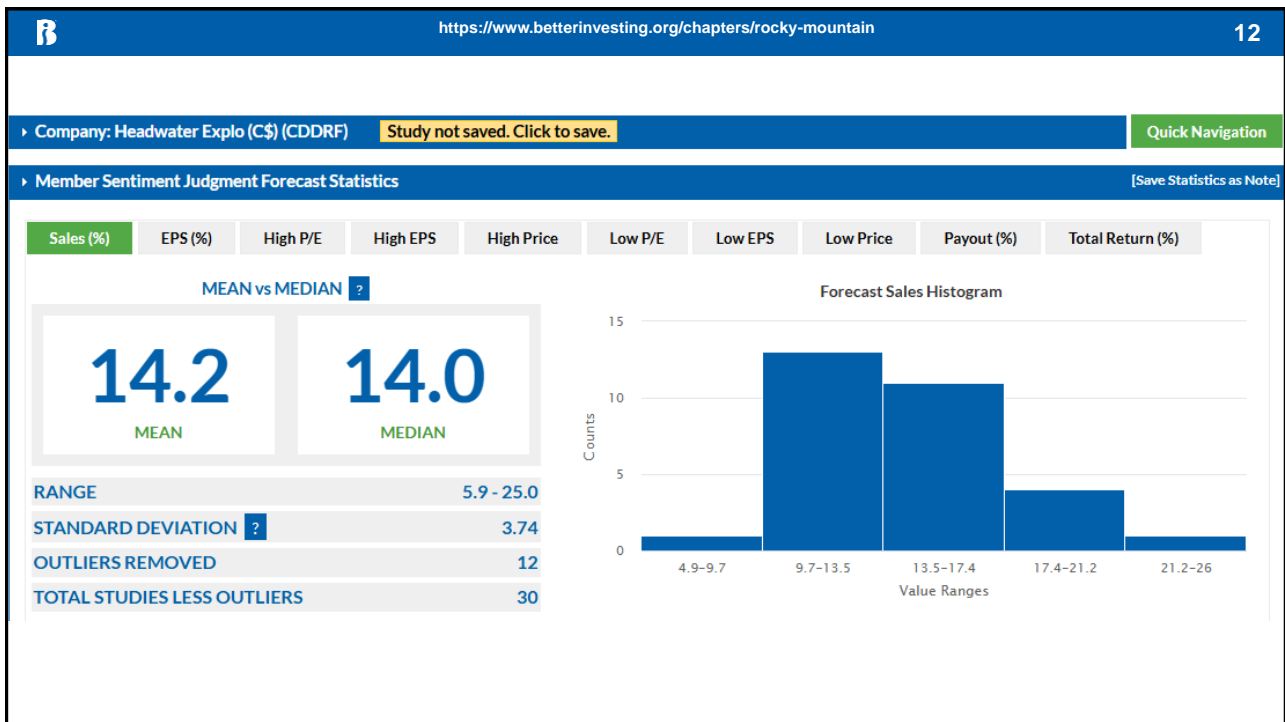
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Cash Flow Statement (in Mil, except ratios)	09/30/2024	12/2023	12/2022	12/2021
Cash From Operating Activities	331.41	303.32	283.93	111.66
Cash From Investing Activities	-235.64	-243.71	-232.06	-109.13
Cash From Financing Activities	-88.19	-89.00	8.88	35.40
Capital Expenditures	210.45	240.07	248.92	140.39
Free Cash Flow	112.89	56.20	45.20	-22.47
Change in Cash	7.59	-29.40	60.74	37.93

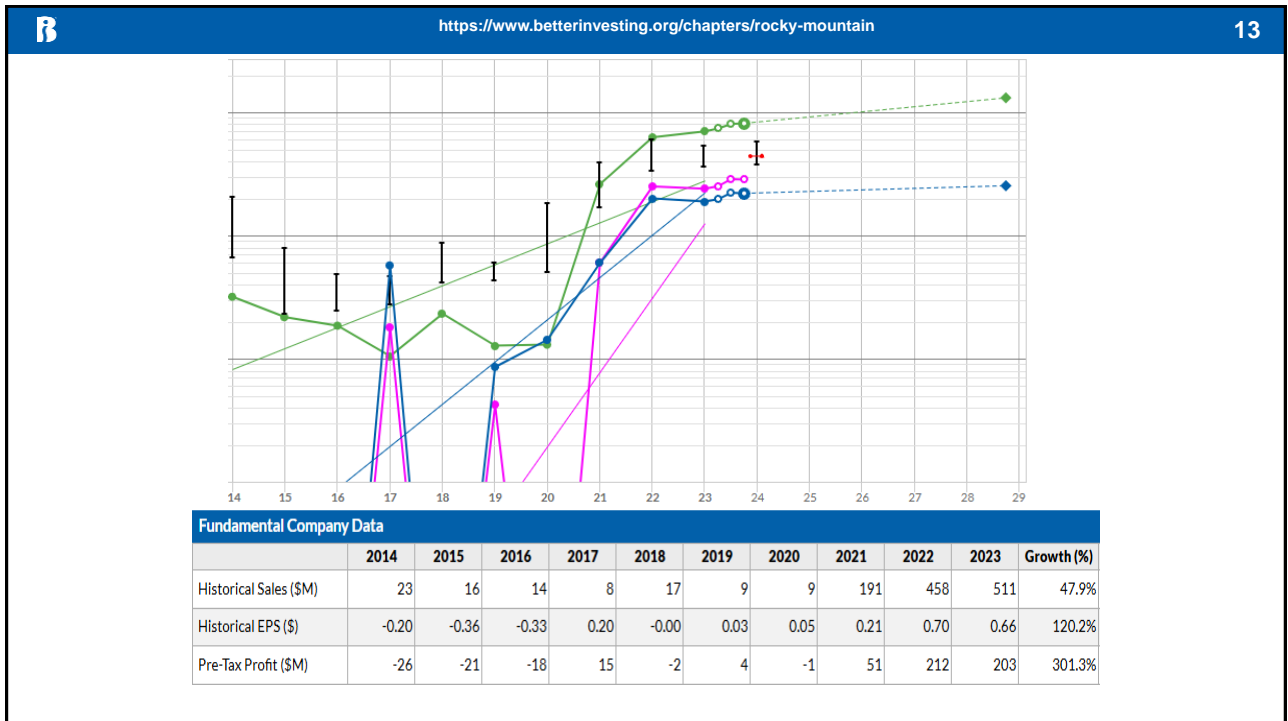
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11



12



13

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Let's Vote!

- 63.6% -3-year historic sales growth on the SSG
- 47.5% -10-year historic sales growth on the SSG
- 14.2% -Member sentiment mean (30 studies less outliers)
- 11.5% -YoY (2023/2022)
- 10.0% -Trump effect (lower oil prices + tariffs)

14

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15

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THE KEystone XL PIPELINE

Edmonton • Oilsands
Hardisty, Alta.
Winnipeg
Existing
NEBRASKA
Steele City
Patoka
Cushing
Houston
Nederland
MEXICO
Gulf of Mexico
Hudson Bay

SOURCE: TRANS CANADA PIPELINES LTD. (2015) THE CANADIAN PRESS

16

Keystone Pipeline

How would the Keystone XL pipeline affect Headwater Exploration earnings?

The Keystone XL pipeline, if it were to be completed, could have a significant impact on Headwater Exploration's earnings. The pipeline was designed to transport crude oil from Alberta, Canada, to refineries in the United States, which would increase the demand for Canadian oil. This could potentially lead to higher oil prices and increased revenue for Canadian oil companies, including Headwater Exploration². However, it's important to note that the Keystone XL pipeline project has faced numerous challenges and was canceled by President Biden in 2021. The future of the project remains uncertain, and any potential impact on Headwater Exploration's earnings would depend on whether the pipeline is eventually completed and operational.

17

Using AI to answer questions

How safe is Headwater Exploration's dividend?

Headwater Exploration's dividend appears to be relatively safe based on several factors:

- 1. Dividend Increase:** The company recently announced a 10% increase in its quarterly dividend, which indicates confidence in its financial stability and future earnings.
- 2. Payout Ratios:** Headwater Exploration has a dividend payout ratio of around 51.28% of its earnings and 48.50% of its cash flow. These ratios suggest that the company is not overextending itself to pay dividends, which is a positive sign for dividend safety.
- 3. Financial Health:** The company has a strong balance sheet with low debt levels and positive cash flow from operations. This financial health supports the sustainability of its dividend payments.
- 4. Growth Prospects:** Headwater Exploration has shown success in its secondary recovery efforts and exploration results, which provide confidence in its asset duration and future growth plans.

Overall, these factors suggest that Headwater Exploration's dividend is relatively safe. However, it's always important to consider market conditions and company performance when evaluating dividend safety.

18

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