

Headwater Gold Announces Results from Initial Drilling at TJ Project, Nevada

Vancouver, British Columbia, January 16, 2025: Headwater Gold Inc. (CSE: HWG) (OTCQB: HWAUF) (the "Company" or "Headwater") is pleased to announce results from the Company's maiden drill program on its 100% owned TJ project, located in northeast Nevada.

Highlights:

- All drill holes at TJ encountered widespread silicification and epithermal veining as well as broad intervals of anomalous gold mineralization, suggesting the presence of a robust and fully preserved low sulfidation epithermal system with good potential for high-grade veins at depth;
- Reverse circulation ("RC") drill hole TJ24-04 intercepted 123.44 metres ("m") grading 0.150 grams per tonne gold ("g/t Au") including 0.687 g/t Au over 4.58 m. This hole was paused at 198.1 m due to difficult drilling conditions but was cased for re-entry and subsequent diamond core completion, expected in 2025;
- Drilling confirmed the presence of a large structure on the eastern margin of the main sinter exposure (the "East Sinter fault") that is interpreted as an important conduit for mineralizing fluids. Geologic observations and geochemical data support that drilling did not penetrate sufficient depths in the system to test for the presence of potential high-grade veins within the main boiling horizon. The down-dip projection of the East Sinter fault and associated structures represent high-priority targets for a follow-up campaign;
- Multi-element geochemistry of drill samples reveals highly anomalous epithermal pathfinder element concentrations, providing further evidence for the scale and shallow nature of the hydrothermal cell; and
- A follow-up core drilling program is being developed, with a clear objective of testing significant structures identified during the 2024 program at depth.

Caleb Stroup, President and CEO of the Company, states: *"Our maiden drill program at the TJ project has successfully demonstrated the strength and scale of this low-sulfidation epithermal system in the main Sinter zone. These results establish that alteration and mineralization is more widespread and extends to greater depths than was apparent from limited historic drilling. The geological and geochemical data from this program provide clear vectors to deeper targets and reinforce our confidence in the potential for high-grade vein-style mineralization in the district. With follow-up diamond core drilling plans underway, we are excited to further explore the potential of this promising system and deliver additional value to our shareholders."*

2024 TJ Drill Program:

Headwater completed a maiden drill program at TJ consisting of five RC drill holes totaling 1,030 m prior to the winter shut-down in 2024 (Figure 1). All holes intercepted epithermal veining and alteration in the hanging wall of the East Sinter fault. Drill holes TJ24-02, TJ24-03 and TJ24-05 crossed the structure itself where epithermal veining was most pronounced (Figures 1 and 2). Drill hole TJ24-04 was unable to reach target depth due to difficult drilling conditions and was cased as a pre-collar for future diamond core drilling.

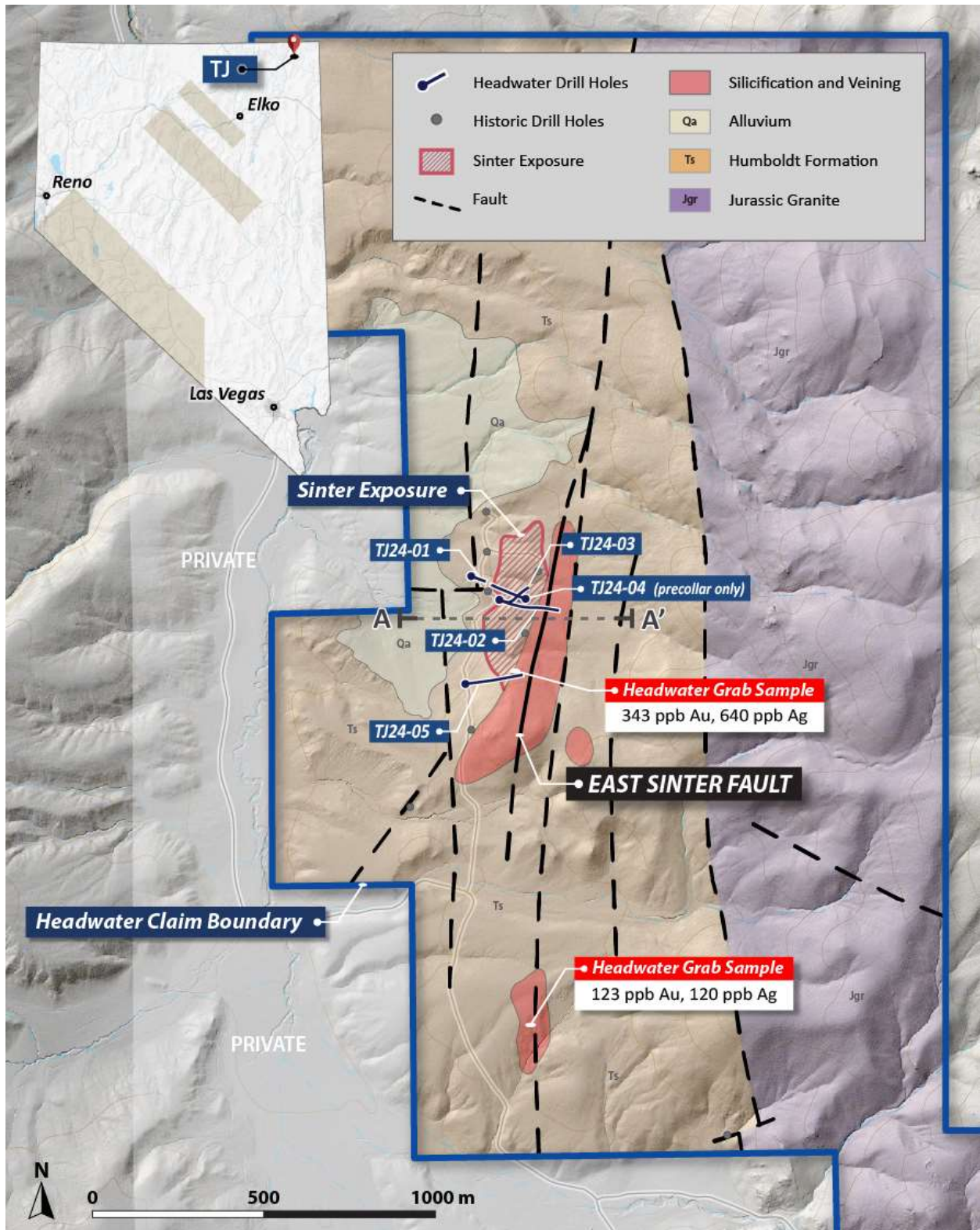


Figure 1: Map of the TJ project area showing generalized project geology, alteration and locations of drill holes. Cross-section A–A' corresponds to the interpreted geologic and CSAMT cross sections shown in Figure 2.

The primary objective of the drill program was to test the extent of alteration and mineralization at depth and along strike, targeting multiple interpreted structures in the core of the main Sinter zone alteration cell. Shallow historic drilling completed by Kennecott and Challenger Gold between 1988 and 1992 targeted near-surface oxide mineralization and encountered broad zones of silicification, epithermal alteration and anomalous gold but did not penetrate to sufficient depths to test for potential high-grade feeder structures. Headwater drilling validates the presence of a thick and laterally extensive zone of strong epithermal alteration and veining and provides critical structural and geochemical information to support vectoring into a potential high-grade feeder system.

Drill hole TJ24-01 did not reach target depth due to challenging drilling conditions. Drill hole TJ24-02 encountered a fault zone associated with a mapped structure interpreted to bound the eastern margin of the thick accumulation of silica sinter exposed in the core of the property (East Sinter fault; Figure 2). The upper portion of the drill hole intercepted a shallow zone of anomalous mercury and antimony values beneath the silica sinter cap and 59.43 m of anomalous gold mineralization grading 105 parts per billion (“ppb”) Au. The main fault zone contains chalcedonic quartz and lattice-bladed quartz-after-calcite vein textures, indicative of boiling conditions. Alteration continues into granite in the immediate footwall of the structure.

Drill hole TJ24-03 targeted a down-dip intersection along the East Sinter fault (Figure 2), and encountered a broad zone of chalcedonic veining, hydrothermal brecciation and intense silica flooding in the hanging wall of the fault. The drill hole intercepted 33.53 m grading 102 ppb Au from 48.77 m to 82.30 m, and 32.00 m of 107 ppb Au from 120.40 m to 152.40 m depth. The silver to gold ratio of mineralization in all drillholes ranges between five and ten-to-one, consistent with the upper portions of many low-sulfidation epithermal systems in Northern Nevada. Elevated sulfide and molybdenum concentrations are also evident throughout the alteration cell and values generally increase with depth.

Drill hole TJ24-04 targeted an interpreted antithetic fault which is thought to bound the western margin of the main alteration cell, coinciding with a significant resistivity contrast apparent in multiple CSAMT lines (Figure 2; see news release dated October 7, 2024). The hole was paused prior to reaching planned depth due to drilling conditions and casing was installed to allow for extending the hole with future core drilling. Despite not reaching target depth, the drill hole intersected 123.44 m grading 150 ppb Au including 0.687 g/t Au over 4.58 m. The highest-grade individual interval graded 0.741 g/t Au over 1.52 m and corresponds to thin chalcedonic quartz veins with distinctive epithermal textures, including weak colloform banding and lattice-bladed calcite/quartz-after-calcite.

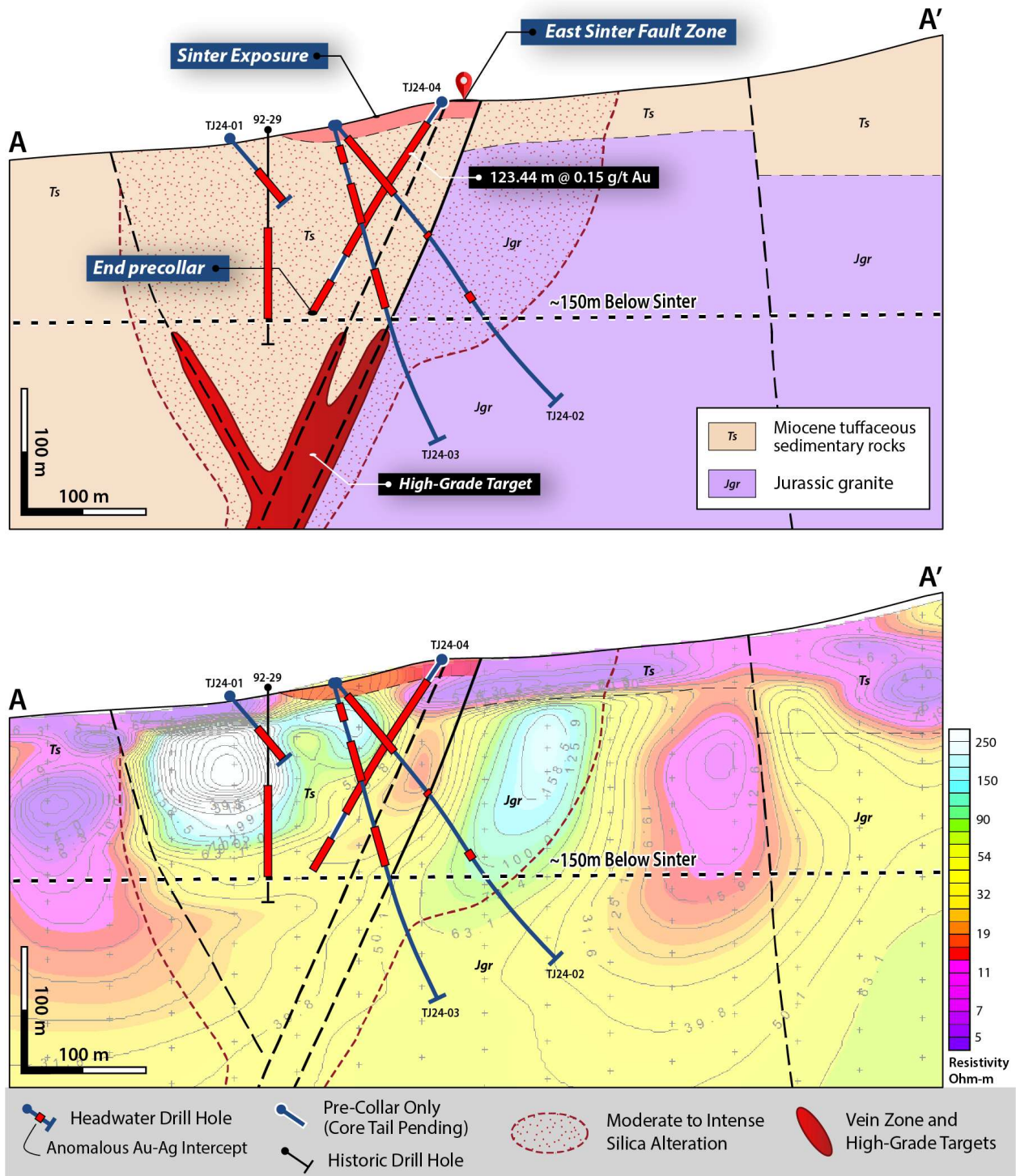


Figure 2: Interpreted geologic cross section through A-A' with Headwater drill holes showing anomalous Au-Ag intercepts (continuous zones of assays greater than 50 ppb Au), generalized geology and silica alteration, and conceptual follow-up vein targets (top image) and drill holes with generalized geology and silica alteration with CSAMT geophysics apparent resistivity profile (bottom image).

Drill hole TJ24-05 targeted the southern extension of the of the East Sinter fault, approximately 250 m south of holes TJ24-02 and TJ24-03 and also intercepted a broad zone of epithermal alteration and veining concentrated in the immediate hanging wall of the target structure. The drill hole intercepted a shallow zone of anomalous mercury values (> 10 ppm) and weakly anomalous gold and silver values as well as anomalous arsenic concentrations (> 100 ppm) associated with strong argillic alteration, hydrothermal brecciation, and veining within the East Sinter fault zone. The fault zone hosts an array of crudely banded, sulfidic, chalcedonic quartz veins and veins with silica replacement of lattice-bladed calcite (see Figure 3 in news release dated December 20, 2024).

Headwater's initial drill program at TJ demonstrated the presence of significant epithermal alteration, veining, anomalous pathfinder element geochemistry, and anomalous gold mineralization, while identifying several prospective target structures with good potential for hosting high-grade feeder zones at depth. All three holes that tested the East Sinter fault intercepted the structure at high relative elevations within the system (~100 to 150 m below the sinter exposure). Geologic observations and geochemical data from these holes support that drilling did not penetrate sufficient depths in the system to test for the presence of potential high-grade veins within the main boiling horizon. Subsequent diamond core drilling plans are underway, with a focus on testing the East Sinter fault at depths between 150 m and 300 m below surface along the >1 km strike extent mapped on surface.

About the TJ Project:

The TJ project is located on BLM land in a relatively underexplored area of northeastern Nevada, approximately 25 km southeast of the town of Jackpot. The project area contains indications of a fully preserved epithermal system, including a thick and laterally extensive accumulation of silica sinter and water table silica in the core of the property. Epithermal alteration is localized along a series of steeply inclined faults that bound a sedimentary graben filled with Miocene-age sedimentary rocks. Limited historic exploration at the property included shallow RC drilling that confirmed the presence of a broad zone of high-level epithermal alteration. The Company completed an initial round of drilling in 2024 and believes that the project has potential for high-grade vein-style mineralization at depth. A follow-up core drilling program is being developed with the objective of testing structures identified during the 2024 program at depth.

The TJ project consists of 90 unpatented mining claims staked by Headwater and 13 unpatented mining claims under option from a private arm's length party (the "Vendor Claims"). By making an initial cash payment of US\$15,000, escalating annual payments and a US\$250,000 work commitment over a two-year term, Headwater retains a 30-year right to purchase an undivided 100% interest in the Vendor Claims for a one-time payment of US\$1,500,000 inclusive of any annual minimum payments, subject to NSR royalties of 2.5% on the Vendor Claims and 1.5% applicable on claims within a defined area of interest. The Company may purchase 40% of the NSR for US\$2,000,000 at any time and an additional 40% of the NSR may be purchased for fair value within 90 days after completion of a NI 43-101 compliant pre-feasibility report.

About Headwater Gold:

Headwater Gold Inc. (CSE: HWG, OTCQB: HWAUF) is a technically driven mineral exploration company focused on the exploration and discovery of high-grade precious metal deposits in the Western USA. Headwater is aggressively exploring one of the most well-endowed and mining-friendly jurisdictions in the world with a goal of making world-class precious metal discoveries.

Headwater has a large portfolio of epithermal vein exploration projects and a technical team of experienced geologists with diverse capital markets, junior and major mining company backgrounds. The Company is systematically drill testing several projects in Nevada and in August 2022 and May 2023 announced significant transactions with Newmont where it acquired a 9.9% strategic equity interest in the Company and entered into earn-in agreements on several of Headwater's projects, including Spring Peak and Lodestar. In September of 2024, Centerra Gold Inc. acquired a strategic 9.9% interest in the Company through a non-brokered private placement at a premium to market.

Headwater is part of the NewQuest Capital Group which is a discovery-driven investment enterprise that builds value through the incubation and financing of mineral projects and companies. Further information about NewQuest can be found on the company website at www.nqcapitalgroup.com.

For more information, please visit the Company's website at www.headwatergold.com.

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Qualified Person:

The technical information contained in this news release has been reviewed and approved by Scott Close, P. Geo (158157), a "Qualified Person" ("QP") as defined in National Instrument 43-101 – Standards of Disclosure for Mineral Projects.

Forward-Looking Statements:

This news release includes certain forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, included herein including, without limitation, statements regarding future capital expenditures, exploration activities and the specifications, targets, results, analyses, interpretations, benefits, costs and timing of them, Newmont's anticipated funding of the earn-in projects and the timing thereof, and the anticipated business plans and timing of future activities of the Company, are forward-looking statements. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Often, but not always, forward looking information can be identified by words such as "pro forma", "plans", "expects", "may", "should", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "believes", "potential" or variations of such words including negative variations thereof, and phrases that refer to certain actions, events or results that may, could, would, might or will occur or be taken or achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and other factors include, among others, risks related to the anticipated business plans and timing of future activities of the Company, including the Company's exploration plans and the proposed expenditures for exploration work thereon, the ability of the Company to obtain sufficient financing to fund its business activities and plans, the risk that Newmont will not elect to obtain any additional interest in the earn-in projects in excess of the minimum commitment, the ability of the Company to obtain the required permits, changes in laws,

regulations and policies affecting mining operations, the Company's limited operating history, currency fluctuations, title disputes or claims, environmental issues and liabilities, as well as those factors discussed under the heading "Risk Factors" in the Company's prospectus dated May 26, 2021 and other filings of the Company with the Canadian Securities Authorities, copies of which can be found under the Company's profile on the SEDAR website at www.sedar.com.

Readers are cautioned not to place undue reliance on forward-looking statements. The Company undertakes no obligation to update any of the forward-looking statements, except as otherwise required by law.