

FORM 51-102F3
MATERIAL CHANGE REPORT

ITEM 1. NAME AND ADDRESS OF COMPANY

Headwater Gold Inc. ("**Headwater**" or the "**Company**")
1210 – 1130 West Pender Street
Vancouver, BC V6E 4A4

ITEM 2. DATE OF MATERIAL CHANGE

August 16, 2022

ITEM 3. NEWS RELEASE

Headwater issued a news release on August 16, 2022 that was distributed through the facilities of TheNewswire and a copy was subsequently filed on SEDAR.

ITEM 4. SUMMARY OF MATERIAL CHANGE

Headwater announced that it has signed four separate definitive option and earn-in agreements with a wholly owned subsidiary of Newcrest Mining Limited ("Newcrest") on August 15, 2022. Pursuant to the Earn-in Agreements, Newcrest will have an option to acquire up to a 75% interest individually in each of Headwater's Mahogany Project in Oregon and Agate Point Project, Midas North Project and Spring Peak Project in Nevada for cumulative earn-in exploration expenditures of US\$145,000,000 and the completion of Pre-Feasibility Studies which include a minimum resource of 1.5 million gold or gold equivalent ounces per Project.

Newcrest will sole fund a firm minimum commitment of US\$8,500,000 in exploration expenditures cumulatively between the four Projects and will reimburse certain Project costs previously incurred by Headwater through a cash payment totalling US\$612,989. During the staged earn-in phase, Newcrest will have the right to earn up to a 65% interest individually in each of the four Projects by sole funding exploration expenditures (inclusive of the respective Minimum Commitment) of US\$55,000,000 on the Spring Peak Project, US\$30,000,000 on the Agate Point Project, US\$30,000,000 on the Mahogany Project, and US\$30,000,000 on the Midas North Project over a 6-year period. Newcrest retains the right to earn an additional 10% interest in each Project (for a total interest of 75% of each Project) by: (1) ceding a 2% Net Smelter Return ("NSR") royalty to Headwater in the case of the Agate Point Project, Mahogany Project and Midas North Project, and a 1% NSR royalty in the case of the Spring Peak Project, subject to certain partial buydown rights; and (2) completing a Pre-Feasibility Study for such Project, solely funded by Newcrest and which includes a minimum 1.5 million ounce gold or gold-equivalent resource (per Project) within an additional 24-month period.

Additionally, Newcrest will acquire a 9.9% equity interest in the Company through a non-brokered private placement of common shares. Newcrest will purchase

5,446,397 common shares of the Company at a price of \$0.16 per share for gross proceeds of \$871,424.

ITEM 5.1 FULL DESCRIPTION OF MATERIAL CHANGE

For full description of the material change, please see the Company's news release dated August 16, 2022 attached as Schedule "A" hereto.

ITEM 5.2 DISCLOSURE FOR RESTRUCTURING TRANSACTIONS

Not applicable.

ITEM 6. RELIANCE ON SUBSECTION 7.1(2) OF NATIONAL INSTRUMENT 51-102

This report is not being filed on a confidential basis.

ITEM 7. OMITTED INFORMATION

There are no significant facts required to be disclosed herein which have been omitted.

ITEM 8. EXECUTIVE OFFICER

Contact: Caleb Stroup
Telephone: +1 (775) 409-3197

ITEM 9. DATE OF REPORT

August 16, 2022

SCHEDULE "A"

Headwater Gold and Newcrest Mining Sign Four Earn-In Exploration Agreements and Newcrest Subscribes to Strategic Equity Investment

Vancouver, British Columbia, August 16, 2022: Headwater Gold Inc. (CSE: HWG) (OTCQB: HWAUF) (the "Company" or "Headwater") is pleased to announce it has signed four separate definitive option and earn-in agreements (the "Earn-in Agreements") with a wholly owned subsidiary of Newcrest Mining Limited ("Newcrest") (ASX, TSX, PNGX: NCM). Pursuant to the Earn-in Agreements, Newcrest will have an option to acquire (the "Earn-In Transaction") up to a 75% interest individually in each of Headwater's Mahogany Project in Oregon and Agate Point Project, Midas North Project and Spring Peak Project in Nevada (collectively, the "Projects") for cumulative earn-in exploration expenditures of US\$145,000,000 and the completion of Pre-Feasibility Studies which include a minimum resource of 1.5 million gold or gold equivalent ounces per Project. Additionally, Newcrest will acquire a 9.9% equity interest in the Company through a non-brokered private placement of common shares.

Highlights:

- Newcrest will sole fund a firm minimum commitment ("Minimum Commitment") of US\$8,500,000 in exploration expenditures cumulatively between the four Projects, or pay the difference to Headwater;
- During the staged earn-in phase, Newcrest will have the right to earn up to a 65% interest individually in each of the four Projects by sole funding exploration expenditures (inclusive of the respective Minimum Commitment) of US\$55,000,000 on the Spring Peak Project, US\$30,000,000 on the Agate Point Project, US\$30,000,000 on the Mahogany Project, and US\$30,000,000 on the Midas North Project over a 6-year period;
- Newcrest retains the right to earn an additional 10% interest in each Project (for a total interest of 75% of each Project) by: (1) ceding a 2% Net Smelter Return ("NSR") royalty to Headwater in the case of the Agate Point, Mahogany and Midas North Projects, and a 1% NSR royalty in the case of the Spring Peak Project, subject to certain partial buydown rights; and (2) completing a Pre-Feasibility Study for such Project, solely funded by Newcrest and which includes a minimum 1.5 million ounce gold or gold-equivalent resource (per Project) within an additional 24-month period;
- Newcrest will, within 15 business days of signing of the Earn-in Agreements (the "Execution Date"), reimburse certain Project costs previously incurred by Headwater through a cash payment totalling US\$612,989; and
- Newcrest will purchase, through a non-brokered private placement, 5,446,397 common shares of the Company at a price of \$0.16 per share for gross proceeds of \$871,424, representing an approximate 9.9% ownership interest in the Company.

Caleb Stroup, Headwater's President and CEO, states: "We are extremely pleased to welcome Newcrest as a funding partner and shareholder. This transaction provides a very attractive mechanism to maintain our aggressive, discovery-focused exploration strategy across our high-quality project portfolio. The proceeds of the transaction will allow Headwater to continue self-funding our highest-priority 100% owned opportunities, while Newcrest's project-specific funding will allow for rapid advancement of several projects which require a scale of exploration expenditure and drilling currently impractical for Headwater. Our potential carried Project interests to the completion of Pre-Feasibility Studies and back-end royalties ensure that shareholders retain significant upside on these Projects with minimum corporate dilution. We believe this transaction underscores the ability of the Headwater team to execute our business model and build significant accretive value through early-stage exploration. We look forward to working with Newcrest and will continue to develop and execute on additional priority opportunities outside of the four earn-ins."

Fraser MacCorquodale, Newcrest's GM Exploration, states: "We are excited to partner with Headwater on these projects. The Great Basin is a great location for discovering high grade gold epithermal deposits. We are also pleased to partner with an experienced and technically strong management team at Headwater and leveraging the exploration capability of both teams represents an opportunity to create significant value."

Table 1: Principal Structure of the Project Specific Earn-In Agreements:

Stage	Project Specific Expenditures (US\$)				Newcrest Interest (%)	Time for Each Stage ⁶
	Spring Peak	Midas North	Mahogany	Agate Point		
Minimum Commitment	\$ 5,000,000 ¹	\$ 2,000,000	\$ 1,000,000	\$ 500,000	0%	24 Months (36 Months for Spring Peak) ¹ from Execution Date
Stage 1 ²	\$ 15,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	51% ³	36 Months ² from Execution Date
Stage 2	\$ 40,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	65%	36 Months from commencement of Stage 2
Stage 3 ⁴	Completion of PFS ⁵	Completion of PFS ⁵	Completion of PFS ⁵	Completion of PFS ⁵	75%	24 Months ⁵ from commencement of Stage 3

1. Minimum Commitment for Spring Peak includes an initial US\$2,500,000 plus an additional US\$2,500,000 (the "Additional Spring Peak Minimum Commitment") over an additional 12 months following the completion of certain permitting milestones.
2. Stage 1 is inclusive of the Minimum Commitment.
3. If Newcrest completes Stage 1 but not Stage 2, its ownership interest is reduced to 49%, which Headwater retains the right to purchase at a mutually agreed price or, if a price cannot be mutually agreed

within a specified period, for fair value that will be determined based on an agreed-upon process (“Fair Value”).

4. Upon completion of Stage 3, Headwater will be ceded a 2% NSR in the case of the Midas North, Mahogany, and Agate Point Projects, and a 1% NSR in the case of the Spring Peak Project. The NSR’s are all subject to partial buy back provisions.
5. Newcrest to sole fund the completion of a Pre-Feasibility Study which is required to include a minimum 1.5 million ounce gold or gold-equivalent resource.

Terms of Earn-in Agreements:

The Earn-in Agreements signed on August 15, 2022 provide that Newcrest shall make certain cash payments and incur exploration expenditures individually in each of the four Projects to acquire an initial 51% interest in each Project, and retain a further option to increase in a three stage earn-in as follows (also see Table 1):

Upfront Cash Payment:

Newcrest will make a cash payment of US\$612,989 to Headwater within 15 business days of the Execution Date, as a reimbursement for 100% of Headwater’s expenditures incurred to-date on the Spring Peak Project and certain land payment costs incurred by Headwater related to the Midas North Project, Agate Point Project, and Mahogany Project.

Minimum Commitment Expenditures:

Newcrest is obliged to sole fund guaranteed exploration expenditures over a 24-month period as follows:

- Agate Point: US\$500,000
- Mahogany: US\$1,000,000
- Midas North: US\$2,000,000
- Spring Peak: US\$2,500,000

In the case of the Spring Peak Project, Newcrest is obligated to spend an additional US\$2,500,000, bringing the total guaranteed exploration expenditures to US\$5,000,000, within a 12-month period following the receipt of a full Plan of Operations exploration permit.

Stage 1:

Newcrest may elect to earn a 51% interest in each Project individually by sole funding expenditures of US\$10,000,000 per Project (which includes the Minimum Commitment) in the case of the Agate Point Project, Mahogany Project and Midas North Project, and US\$15,000,000 (which includes the Minimum Commitment) in the case of the Spring Peak Project within 36 months of the Execution Date. If Newcrest fails to meet either the Minimum Commitment or the Stage 1 earn-in expenditure amount for a given Project, Headwater will retain 100% ownership of the specific Project with no interest earned by Newcrest.

Stage 2:

Upon Newcrest’s election, Newcrest may earn an additional 14% interest in each Project individually, for a total 65% interest, by sole funding additional expenditures of US\$20,000,000 per Project in the case of Agate Point Project, Mahogany Project and Midas North Project and

US\$40,000,000 in the case of the Spring Peak Project within 36 months following completion of Stage 1. If Newcrest initiates but does not complete Stage 2, its interest will revert to 49%, which Headwater retains the right to purchase at a mutually agreed price or, if a price cannot be mutually agreed within a specified period, for Fair Value.

Stage 3:

Newcrest retains an additional right to earn a further 10% interest in each individual Project, bringing its potential ownership interest to 75% for each such Project, by completing the following:

- Ceding to Headwater a 2% NSR in the case of the Midas North Project, Agate Point Project and Mahogany Project and a 1% NSR in the case of the Spring Peak Project. Newcrest retains the right to buy back 50% of each Project specific NSR for Fair Value at any time; and
- Delivering to Headwater a Pre-Feasibility Study for the respective Project, solely funded by Newcrest, and which includes a minimum 1.5 million ounce gold or gold-equivalent resource within an additional 24-month period following the completion of Stage 2.

Equity Transaction:

Newcrest will purchase 5,446,397 common shares (each, a “Common Share”) of the Company at a price of \$0.16 per Common Share for gross proceeds of \$871,424 by way of a non-brokered private placement (the “Equity Transaction”). The private placement represents a 23% premium to the closing price of \$0.13 on the Canadian Securities Exchange (the “CSE”) on August 12, 2022.

The Equity Transaction will result in Newcrest owning approximately 9.9% of the total issued and outstanding Common Shares of Headwater on a non-diluted basis immediately following the Equity Transaction. For so long as Newcrest holds not less than 5% of Headwater’s issued and outstanding Common Shares, Newcrest retains the right to maintain its pro rata interest. If Newcrest does not exercise this right and fails to maintain its pro rata interest through two consecutive equity financings, the participation right shall expire.

The proceeds from the Equity Transaction will be used for potential project acquisitions, ongoing exploration activities on the Company’s 100% owned mineral projects in Idaho, Nevada and Oregon, and for general working capital.

All securities issued in connection with the Equity Transaction will be subject to a statutory hold period expiring four months and one day after closing of the Equity Transaction.

About the Agate Point Project:

The 100% owned and royalty-free Agate Point Project is located in Northwestern Nevada, 50 km along trend from the historic, bonanza grade Sleeper Gold Mine. The claim block covers a linear ridge of untested widespread, high-level epithermal alteration with consistent highly anomalous trace element geochemistry typical of other known epithermal systems. There has been limited exploration on the Project and no known exploration for high-grade vein targets.

About the Mahogany Project:

The 100% owned and royalty-free Mahogany Project is located in Southeastern Oregon, 20 km northwest of Integra Resources’ (NYSE: ITRG) DeLamar deposit. Surface alteration at Mahogany

is typical of a high-level epithermal system. Headwater's initial drill program at Mahogany completed in late 2021 consisted of five diamond core drill holes totaling 810 metres (see Headwater News Release dated January 27, 2022). Drilling focused on a 500-metre segment of the Main Ridge Fault zone, which Headwater geologists interpreted as a possible feeder to the epithermal alteration cell manifest at surface. Drilling confirmed the presence of structurally-controlled high-grade gold zones, including a drill intercept that returned 9.37 grams per tonne ("g/t") gold over a drilled thickness of 0.73 metres in hole MH21-02. Multiple priority targets on the Project remain to be tested.

About the Midas North Project:

Headwater's 100% owned and royalty-free Midas North Project adjoins Hecla Mining Company's (NYSE: HL) Midas Mine complex and covers a large hydrothermal alteration cell, extending at least 4 kilometres in strike and 1 kilometre in width, which is interpreted by Headwater geologists as representing the high-level manifestations of an epithermal precious metal system. To-date, 90 rock chip samples and 54 stream sediment samples have been collected by the Company from the Project area which have highlighted several priority areas of anomalous precious metal values, with highly anomalous values of epithermal pathfinder elements (see Headwater News Release dated October 4, 2021). Extensive epithermal alteration exists on the Project, including widespread zones high-level chalcedonic to opaline silica flooding, clay alteration, and local sinter formation, including fossilized geyser vents. The Project has seen very limited historic exploration with no documented exploration drilling. The Company believes the Project has potential for high-grade epithermal mineralisation at depth similar to that found at Hecla's Midas Mine complex.

About the Spring Peak Project:

The Spring Peak Project is located in the Aurora Mining District of west-central Nevada, approximately 50 kilometres southwest of the town of Hawthorne. The Project adjoins Hecla Mining's (NYSE: HL) Aurora mine complex, where existing infrastructure includes a 350 ton per day mill, several production water wells, and high-voltage three-phase power.

A large hydrothermal alteration cell occurs in the center of the Spring Peak Project area, which represents a high-level manifestation of an epithermal precious metal system. An approximate 5-metre thick silica sinter, which extends over 500 metres in strike, occurs in the center of this alteration cell and displays various vent facies textures interpreted to reflect a high-energy hydrothermal vent environment.

In 2021, Headwater conducted an initial first-pass reverse circulation drill program consisting of five holes totalling 1,350 metres. Drilling successfully intersected epithermal quartz veins at a range of elevations in multiple structures (see Headwater News Release dated November 22, 2021). Individual vein zones range from 1.4 to 18.3 metres in drilled width with the widest zone of veining and mineralization occurring in hole SP21-03, which intersected a fault-hosted vein zone immediately beneath a mapped silica sinter at surface. This interval returned gold values of 1.00 g/t Au over 38.1 metres, including 9.2 metres of 2.49 g/t Au, representing a new, blind gold discovery and a confirmation of the Headwater exploration model. The mineralization encountered in SP21-03 is open up and down dip, as well as along strike. The nearest drill hole which penetrated to the appropriate depth is SP21-02, approximately 900 metres to the west, which ended in 16.8 metres grading 0.28 g/t Au. Plans for follow-up diamond core drilling to be completed in 2022 are in progress.

Headwater holds an option to acquire a 100% undivided interest in the Spring Peak Project from the underlying owner, subject to retained royalties.

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 comprised of experienced geologists with diverse capital markets, junior company, and major mining company experience. The Company is systematically drill testing several projects in Nevada, Idaho, and Oregon.

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

About Newcrest Mining:

Newcrest Mining Limited (ASX, TSX, PNGX: NCM) is one of the world's largest gold mining companies with headquarters in Melbourne, Australia and operating mines in Australia, Canada and Papua New Guinea. Newcrest is a technical industry leader, with particular expertise in exploration, deep underground block caving and metallurgical processing. Newcrest is committed to creating a work environment where everyone can go home safe and healthy every day, and where everyone actively contributes to this outcome; operating and developing mines in line with strong environmental, social and governance practices; developing a diverse workforce; and developing and maintaining strong relationships with communities and governments.

On Behalf of the Board of Directors

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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, anticipated content, commencement, and cost of

exploration programs in respect of the Company's projects and mineral properties, completion and timing of the Equity Transaction and the intended use of proceeds therefrom, the anticipated acceptance of the CSE of the Earn-In Agreements and the Equity Transaction, Newcrest's anticipated funding of the Minimum Commitment 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, delays in obtaining governmental and regulatory approvals (including of the Canadian Securities Exchange) for the Earn-In Agreements and the Equity Transaction, the risk that the Equity Transaction will not be completed or on the anticipated timetable, the risk that Newcrest will not elect to obtain any additional interest in the 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.