

## Headwater Gold Signs Additional Earn-In Agreement with Newcrest on Lodestar Project, Nevada

**Vancouver, British Columbia, May 9, 2023:** Headwater Gold Inc. (CSE: HWG) (OTCQB: HWAUF) (the "Company" or "Headwater") is pleased to announce it has signed a definitive option and earn-in agreement (the "Earn-in Agreement") with a wholly owned subsidiary of Newcrest Mining Limited ("Newcrest") (ASX, TSX, PNGX: NCM) on the Company's Lodestar Project in Nevada ("Lodestar" or the "Project").

Pursuant to the Earn-in Agreement, Newcrest will have an option to acquire (the "Earn-In Transaction") up to a 75% interest in Lodestar for cumulative earn-in exploration expenditures of US\$30,000,000 and the completion of a Pre-Feasibility Study which includes a minimum resource of 1.5 million gold or gold equivalent ounces.

### **Highlights:**

- Newcrest will sole fund a minimum commitment of US\$2,000,000 in exploration expenditures on the Lodestar project, or pay the difference to Headwater;
- During the staged earn-in phase, Newcrest will have the right to earn up to a 65% interest in the Project by sole funding exploration expenditures of US\$30,000,000 over a 6-year period;
- Newcrest retains the right to earn an additional 10% interest in the Project (for a total interest of 75%) by: (1) ceding a 2% Net Smelter Return ("NSR") royalty to Headwater on claims 100% owned by the Company and a 1% NSR royalty on inlying claims subject to an underlying option agreement and (2) completing a Pre-Feasibility Study, solely funded by Newcrest which includes a minimum 1.5 million ounce gold or gold-equivalent resource within an additional 24-month period; and,
- Newcrest will reimburse all expenditures previously incurred by the Company on the Project through a cash payment totalling US\$77,759.

Caleb Stroup, the President and CEO of the Company, states: *"We are very excited to partner with Newcrest again on yet another high-quality exploration project in the Headwater portfolio. Our ongoing relationship with Newcrest has allowed us to quickly and effectively advance a number of our projects and we look forward to expanding this relationship through the inclusion of the Lodestar project. The structure of the Earn-In Transaction offers our shareholders a potential carried Project interest to the completion of a Pre-Feasibility Study and a back-end net smelter royalty. This transaction is another demonstration of the ability of the Headwater team to execute our hybrid business model and build significant value for shareholders through early-stage exploration."*

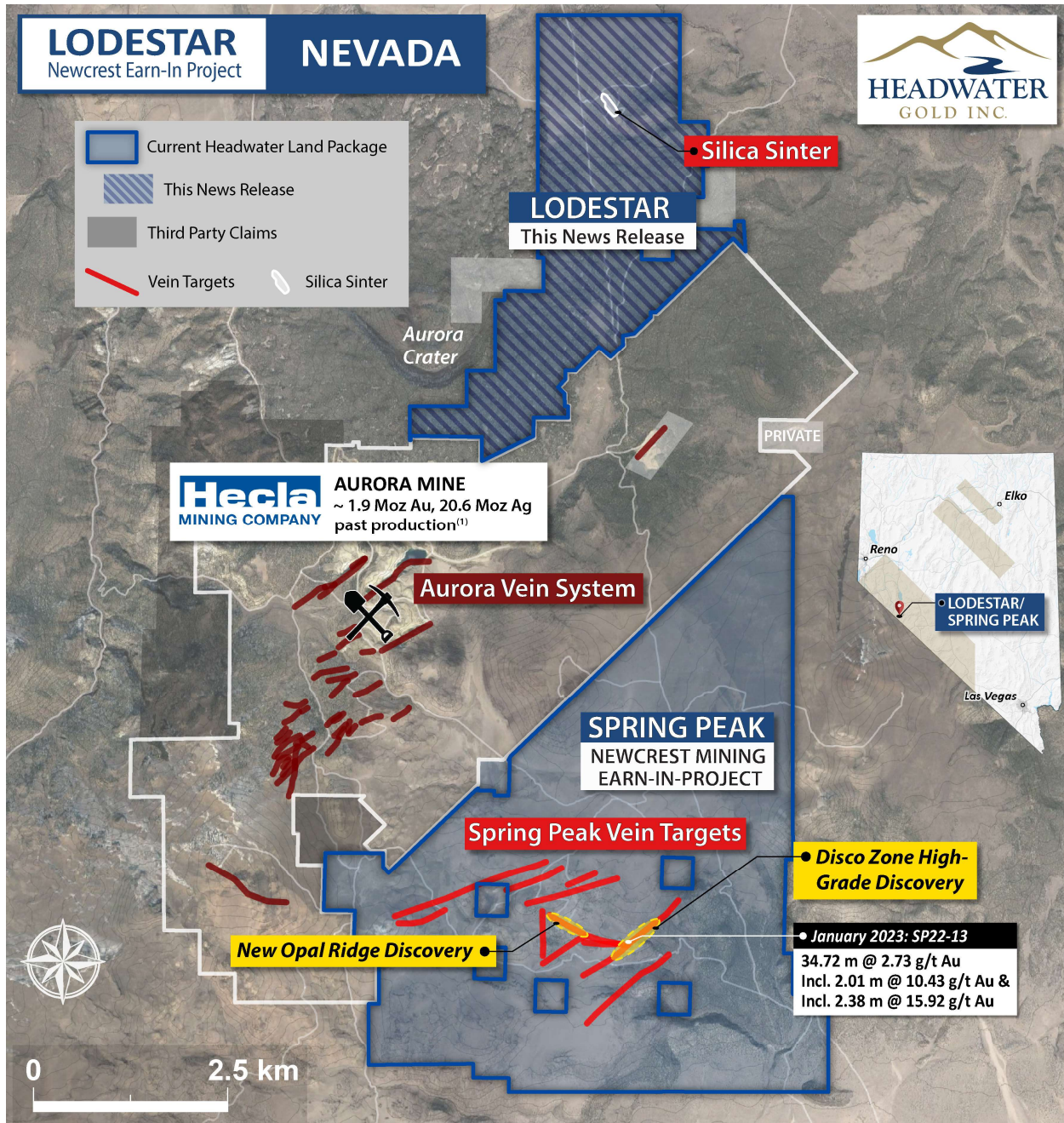


Figure 1. Lodestar land position showing relation to the Company's Spring Peak project and Hecla Mining Company's ("Hecla") adjoining past-producing Aurora mine complex.

### **About the Lodestar Project:**

The Lodestar project is located in the Aurora Mining District of west-central Nevada and adjoins Hecla's past-producing Aurora mine complex (Figure 1), where existing infrastructure includes a 350 ton per day mill, several production water wells and high-voltage, three-phase power. The Project is located north of the Company's Spring Peak project, where Headwater recently announced the new Disco and Opal Ridge high-grade discoveries (see Figure 1, and Headwater news release dated March 2, 2023).

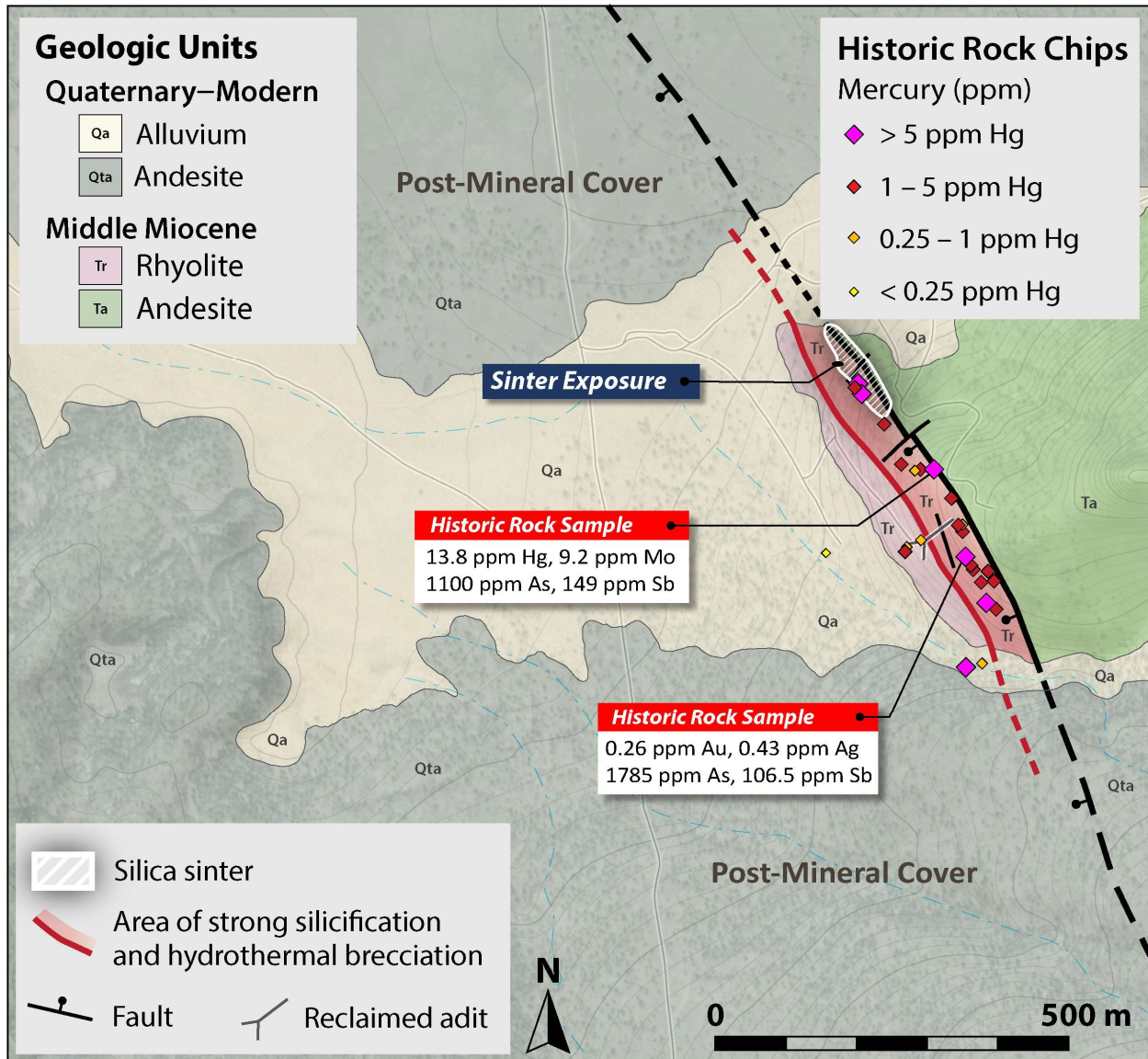


Figure 2. Simplified geologic map of the Lodestar project area showing zone of strong silicification and sinter exposure as well as historic rock chip sample locations.

Historic exploration at the Project focused on surface rock chip sampling of the prominent silicified ridgeline at the core of the Project, sampling of a short historic adit (Figure 2) and the completion of several shallow drill holes in this immediate area. Drilling completed on the Project by Echo Bay Exploration and Borealis Exploration in the 1980's reportedly consisted of four shallow drill holes immediately adjacent to the silicified ridgeline, designed to test for near-surface bulk-tonnage type mineralization. Headwater has obtained assays but not the exact collar and survey information for these historic holes, the deepest of which reached a maximum total depth of 91.44 metres and contained a 10.67 m interval grading 0.29 g/t Au. The Company interprets the anomalous gold observed in the historic drilling above the interpreted epithermal boiling zone to be a positive indicator for precious metal bearing structural feeders at depth, which remain untested.

**Table 1: Principal Structure of the Earn-In Agreement:**

Stage	Expenditures (US\$)	Newcrest Interest (%)	Time for Each Stage
Minimum Commitment	\$2,000,000	0%	24 Months from Execution Date
Stage 1 <sup>1</sup>	\$10,000,000	51% <sup>2</sup>	36 Months <sup>1</sup> from Execution Date
Stage 2	+\$20,000,000	65%	36 Months from commencement of Stage 2
Stage 3 <sup>3</sup>	Completion of PFS	75%	24 Months <sup>4</sup> from commencement of Stage 3

1. Stage 1 is inclusive of the Minimum Commitment of US\$2,000,000.
2. If Newcrest completes Stage 1 but not Stage 2, its ownership interest in the Project 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").
3. Upon completion of Stage 3, Headwater will be ceded a 2% NSR royalty on claims 100% owned by Headwater and a 1% NSR royalty on inlying claims subject to an underlying option agreement. The NSR's are subject to partial buy-back provisions.
4. 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 the Agreement:**

Newcrest shall make a cash payment of US\$77,759 to Headwater within 15 business days of the Execution Date as a reimbursement of 100% of Headwater's acquisition and exploration expenditures incurred on the Project. Newcrest will sole fund guaranteed exploration expenditures of US\$2,000,000 over a 24-month period as a minimum commitment or pay the difference to Headwater. Upon completion of the upfront cash payment and minimum commitment expenditures, Newcrest may elect to proceed to the earn-in phase of the transaction.

**Stage 1:**

Newcrest may elect to earn a 51% interest in the Project by sole funding expenditures of US\$10,000,000 (which includes the Minimum Commitment) within 36 months of the Execution Date. If Newcrest fails to meet the Stage 1 earn-in expenditure amount, Headwater will retain 100% ownership of the Project with no interest earned by Newcrest.

**Stage 2:**

Newcrest may elect to earn an additional 14% interest in the Project, for a total 65% interest, by sole funding additional expenditures of US\$20,000,000 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 may elect to earn an additional 10% interest in the Project, for a total 75% interest, by completing the following:

- Ceding a 2% NSR royalty to Headwater on claims 100% owned by Headwater and a 1% NSR royalty on claims subject to an underlying option agreement. Newcrest retains the right to buy back 50% of each NSR royalty for Fair Value at any time; and
- Delivering to Headwater a Pre-Feasibility Study for the Project, solely funded by Newcrest 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.

**2023 Work Plan:**

The exploration model that the Company intends to deploy at Lodestar is similar to that used at the Company's nearby Spring Peak project. A combination of geological mapping, surface sampling and geophysics will be utilized to further define the highest-priority targets to test for high-grade epithermal vein mineralization in interpreted structural feeder zones below and adjacent to the outcropping alteration.

The Company is planning a controlled-source audio-frequency magnetotelluric ("CSAMT") resistivity survey to identify high-resistivity targets at depth and explore beneath the exposed epithermal alteration as well as the shallow, young volcanic cover that blankets most of the Project masking the underlying prospective geology. Concurrently, the Company intends to complete a soil sampling program. Detailed geologic mapping and infill rock chip sampling focused on the core area of exposed alteration will also be completed with the aid of high-resolution drone imagery and a digital surface model. The results of this preliminary work will be used to design a potential maiden drill campaign at the Project.

**Underlying Agreement:**

The Lodestar project consists of a combination of unpatented mining claims staked by Headwater and a small number of unpatented mining claims acquired through an option agreement with a private prospector (the "Vendor Claims"). By making an initial cash payment of US\$20,000 and escalating annual payments, Headwater retains a 30-year option to purchase an undivided 100% interest in the Vendor Claims for a one-time payment of US\$1,500,000 subject to a 3% NSR royalty, of which 2% can be purchased at any time for US\$3,000,000 resulting in a post-buydown residual 1% NSR.

**Agate Point Update:**

Further to the Company's news release dated March 2, 2023 announcing the results of the Phase I drill program on the Agate Point project, Newcrest has completed the minimum expenditure commitment of US\$500,000 on the project and has elected not to proceed to the Phase I earn-in of 51% interest in Agate Point. Accordingly, Newcrest has provided notice to Headwater that it is terminating its option on the project. No further work is planned on the project at this time.

**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 and in August 2022 announced a significant transaction with Newcrest Mining Limited where Newcrest acquired a 9.9% strategic equity interest in the Company and entered into several earn-in agreements on Headwater's projects.

For more information, please visit the Company's website at [www.headwatergold.com](http://www.headwatergold.com).

### **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, exploration activities and the specifications, targets, results, analyses, interpretations, benefits, costs and timing of them, Newcrest'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 Newcrest 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](http://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.*