

Headwater Gold Announces Completion of First Pass Drilling at the TJ Project, Nevada

Vancouver, British Columbia, December 20, 2024: Headwater Gold Inc. (CSE: HWG) (OTCQB: HWAUF) (the "Company" or "Headwater") is pleased to announce the successful completion of the Company's maiden drill program on its 100% owned TJ project, located in northeast Nevada.

Highlights:

- Headwater's initial drill program at TJ consisted of five reverse-circulation ("RC") drill holes totaling 1,030 metres;
- Drilling tested multiple targets for high-grade epithermal veins beneath outcropping silica sinter and generally down-dip of shallow historic drill holes that encountered anomalous gold mineralization;
- All drill holes encountered strong alteration indicative of the upper levels of an epithermal system, characterized by broad and laterally extensive intervals of silicification, veining, hydrothermal brecciation and elevated sulfide concentrations. Three holes targeting the East Sinter Fault intersected significant quartz veining with epithermal vein textures diagnostic of the upper portions of an epithermal system;
- Favourable alteration and epithermal veining encountered in the first-pass drill program confirms the presence of a large, fully preserved epithermal system and will provide critical vectors to guide future drilling to test for high-grade gold at depth and along strike; and
- Final assay results are pending and expected in Q1 2025.

Caleb Stroup, President and CEO of the Company, states: *"We are very pleased to announce the successful completion of our maiden drill program at TJ, which confirms the presence of a robust and fully preserved epithermal system at depth below the silica sinter at surface. The abundance of epithermal quartz veining and the high sulfide content of the vein zones are particularly encouraging. Initial visual observations suggest the vein intersections are relatively high in the epithermal system, leaving significant potential for further exploration at depth."*

Assays are pending and expected early in the new year, but the geological and alteration data from this program already provides critical insights into the scale and preservation of the system. This information will guide future drilling, particularly deeper into the system where further potential remains. TJ continues to stand out as a high-quality project that looks more promising than ever, with excellent potential to create value for shareholders through a meaningful discovery."

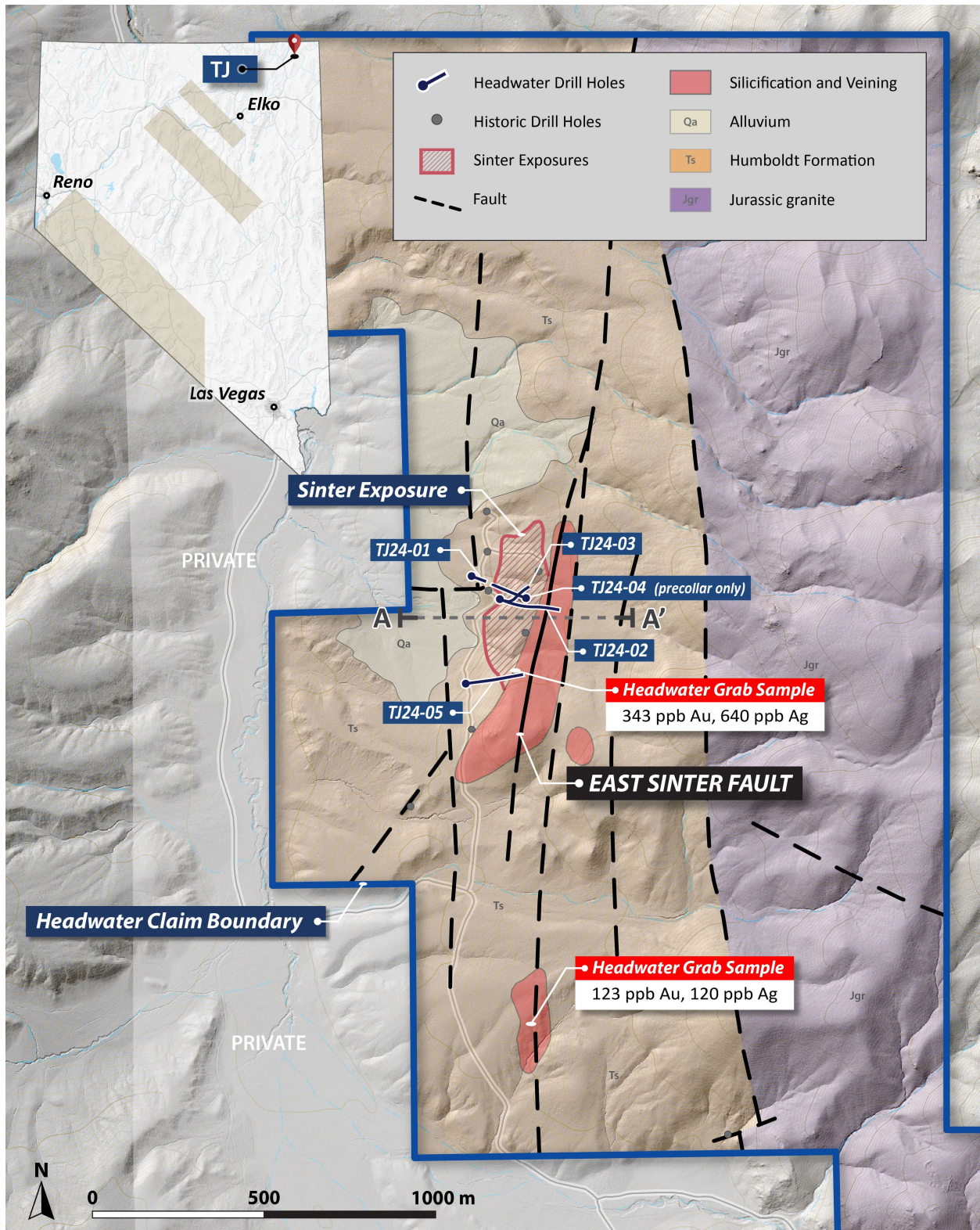


Figure 1: Map of the TJ project area showing generalized project geology, alteration and locations of drill holes. Cross-section A–A' corresponds to the interpreted CSAMT section shown in Figure 2.

About the 2024 TJ Drill Program:

Headwater's maiden drill program at TJ consisted of five reverse-circulation ("RC") drill holes totaling 1,030 metres, completed prior to the winter shut-down. Three holes (TJ24-02, 03 and 05) targeted and successfully intercepted epithermal veining and alteration along the East Sinter Fault (Figures 1 and 2). Hole TJ24-01 did not reach target depth due to challenging drilling conditions and one hole, (TJ24-04) was set as a pre-collar for future diamond core drilling.

The primary objective of the drill program was to test for high-grade veins at depth along multiple sub-parallel structures in the core of the 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 in the epithermal system to test for potential high-grade feeder structures. The majority of historic holes were vertical and none of the holes drilled to depths beyond 150 metres. Several of the deeper historic holes encountered anomalous gold values (>0.1 g/t Au) with some ending in mineralization. All RC samples have been submitted for analysis with results expected in Q1 of 2025.

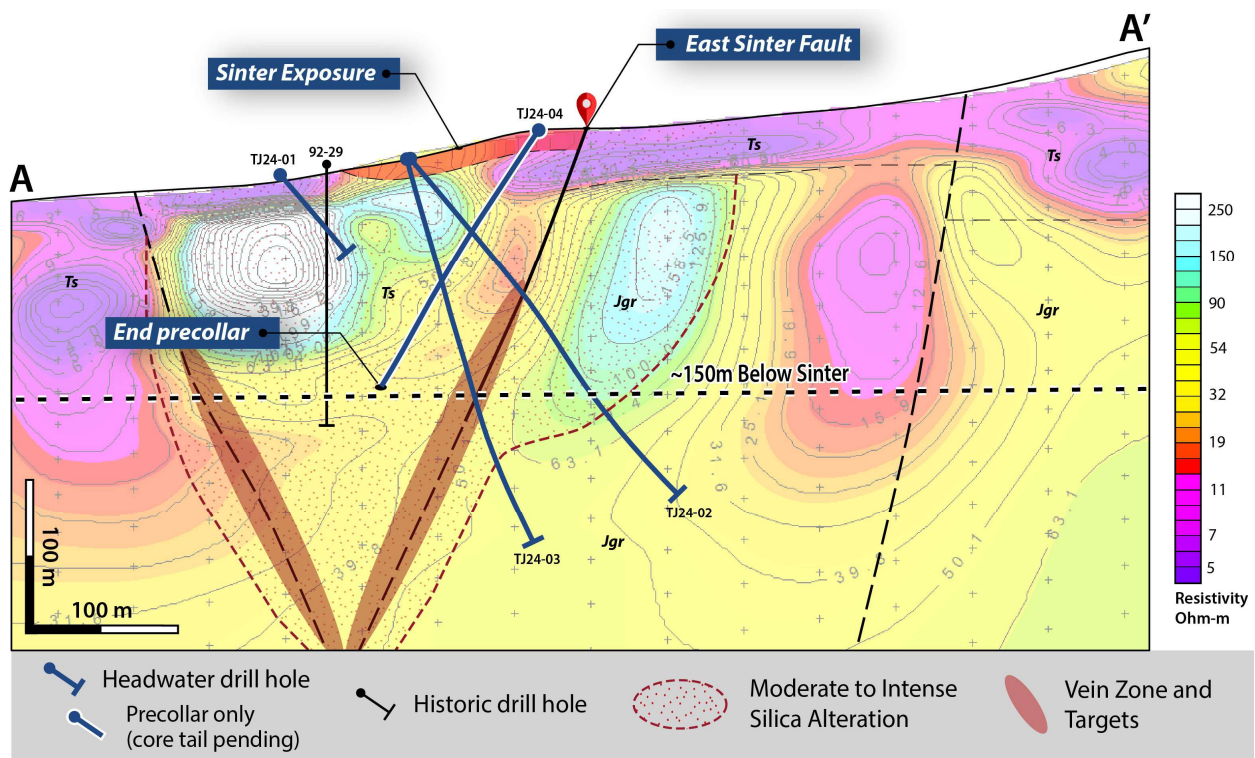


Figure 2: Interpreted cross section through A–A' with CSAMT geophysics apparent resistivity profile overlain by generalized silica alteration, Headwater drill holes and conceptual vein targets.

Headwater drilling validated the presence of a thick and laterally extensive zone of strong silicification, disseminated sulfides and multi-phase brecciation and veining that extends to depths of at least 150 metres vertically beneath the silica sinter exposed at surface. Drill hole TJ24-02 encountered a significant fault zone (East Sinter Fault) with epithermal veining in the immediate hanging-wall of the fault characterized by chalcedonic quartz with some lattice-bladed quartz-after-calcite textures, indicative of epithermal boiling conditions and altered granite within the

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 structure before also passing to granite in the footwall. Drill hole TJ24-05 was located approximately 250 metres to the south and also encountered a broad zone of epithermal alteration and veining concentrated in the immediate hanging-wall of the East Sinter fault (Figure 3), extending the minimum strike extent of the altered structure.

Strong alteration, significant veining and the lithologic break associated with the East Sinter Fault, which also bounds the thick accumulation of silica sinter found at surface, together indicate good potential for the fault zone to act as a controlling structure for potential precious metal mineralization. Alteration assemblages and epithermal vein textures are indicative of high levels of a robust epithermal system that remains open and untested at elevations exceeding 150 metres depth.



Figure 3: Select vein chips from TJ24-05 (140.2–144.8 m) showing chalcedonic quartz veining with weak banding, quartz-pyrite veinlets and lattice-bladed quartz-after-calcite textures indicative of boiling conditions within the upper levels of an epithermal system. Assays are pending.

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 believes that the project has potential for high-grade vein-style mineralization at depth and completed an initial drill program in fall of 2024.

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.

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, 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.