

Headwater Gold Options the Highland Project, Nevada and Announces Drill Program

Vancouver, British Columbia, June 30, 2021: Headwater Gold Inc. (CSE: HWG) (the "Company" or "Headwater") is pleased to announce it has signed a Definitive Agreement (the "Agreement") with Bravada Gold Corporation ("Bravada") to earn up to a 100% interest in the Highland epithermal gold-silver project (the "Project" or "Property") located in the State of Nevada, United States (Figure 1). Headwater plans to commence drilling in July 2021.

Highlights:

- Historic drilling intercepted gold grades of 9.93 grams per tonne ("g/t") and silver grades of 128.7 g/t over a drilled thickness of 9.1 metres;
- Three distinct target areas, each with the potential to host a significant discovery;
- Recent work by OceanaGold ("Oceana") resulted in a large, high-quality dataset and defined several un-drilled high-priority targets;
- Large land package (192 claims totalling 1,500 hectares);
- Option to earn up to a 100% interest with minimal cash up front; and
- Drill-ready with BLM permit in hand and drilling expected to begin in July 2021. Anticipated Phase I program of 8 holes totalling 2,000 metres.

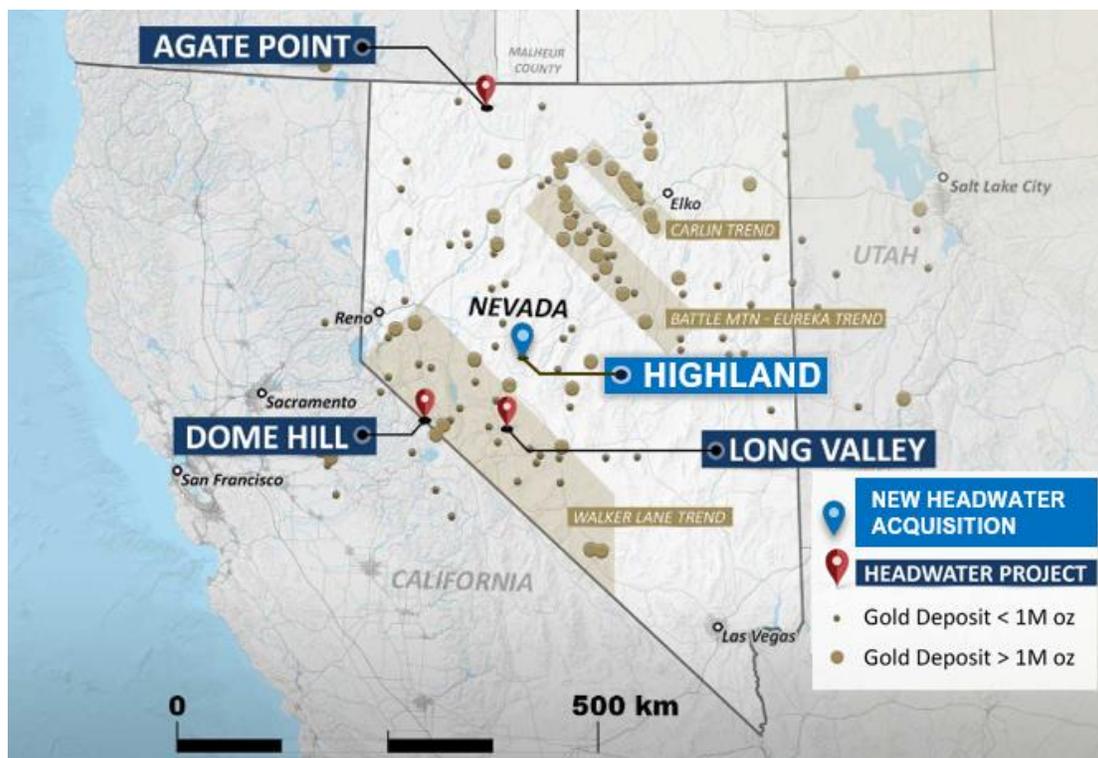


Figure 1: Location of Highland Project, Nevada

“We are very excited to get to work on the Highland Project. It is rare to have an opportunity to take on such a high-quality project with existing drill targets supported by the “big-company style” targeting work that Oceana’s team completed over the last 18 months, prior to returning the Project to Bravada for non-technical reasons,” commented Caleb Stroup, President and CEO of Headwater Gold Inc. “We view the grades and widths encountered in historic drilling at the West Vein Zone as a positive indication that a robust mineralizing system is present here.”

About the Highland Project:

Gold-bearing, epithermal quartz veins were first recognized and exploited at Highland by small-scale mining in the early 1900’s, with brief periods of minor production from trenches and shallow inclined shafts occurring from the 1930’s through the 1950’s. Short-lived exploration programs targeting bulk-tonnage and shallow vein-hosted mineralization between 1980 through 2007 were carried out by companies including Bravada, Hochschild, and Newcrest. In late 2018, Oceana entered into a Joint Venture agreement and conducted an extensive target definition program consisting of historic data compilation, 1,405 soil samples, 35 line-kilometres of CSAMT geophysics, and property-wide detailed sinter facies mapping and sampling.

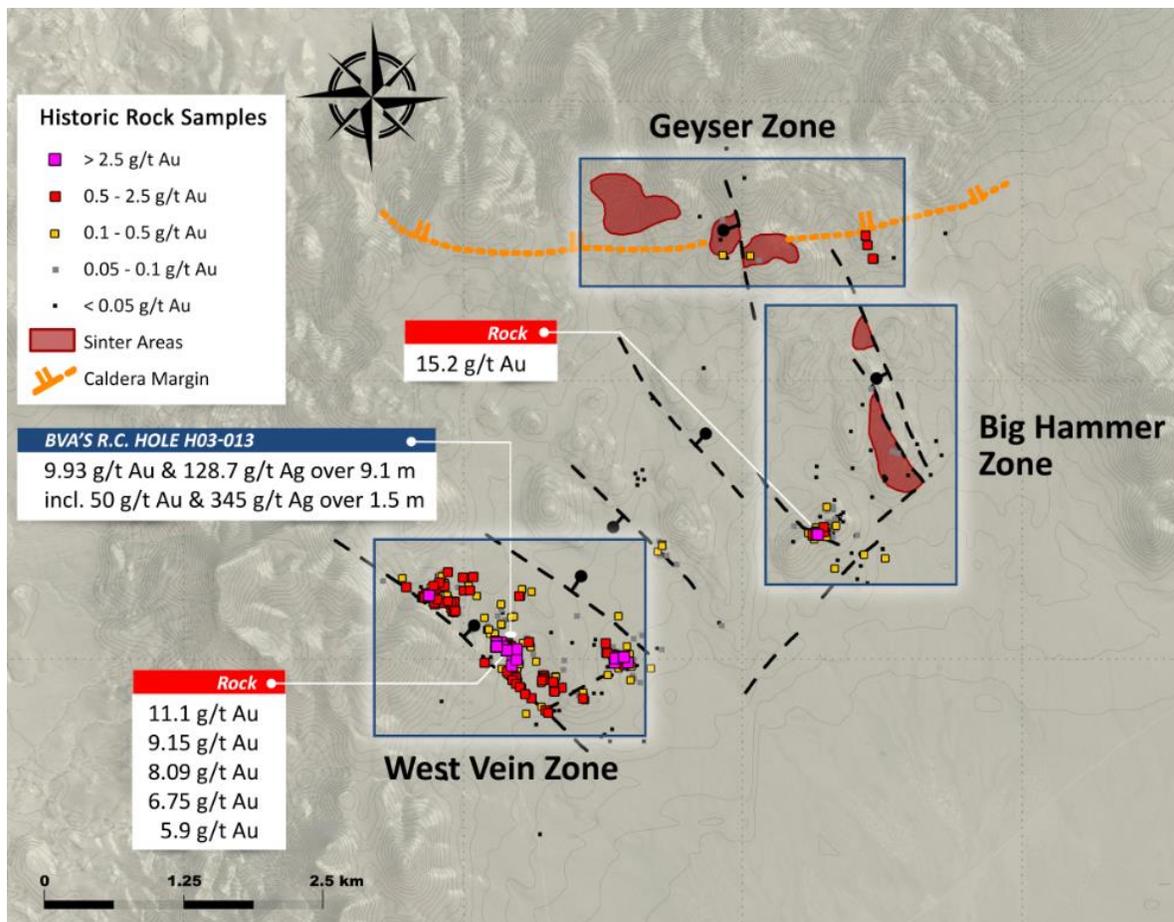


Figure 2: Highland Project target zones highlighting sinter areas and historic rock samples

The geology of the Highland area consists of a bimodal volcanic and volcanoclastic sequence which is intruded by a number of andesite and rhyolite flow dome complexes, and dissected by a series of northwest-trending graben bounding faults. Moderate rotation along the graben bounding faults has exposed different paleo-elevations in the Project area, ranging from the top of the boiling zone to the paleosurface, which is marked by widespread sinter outcrops in the eastern part of the Property.

West Vein Zone: The majority of previous work on the Property has focussed on partially outcropping veins of the West Vein Zone (Figure 2), which occupy a northwest striking zone approximately 1,400 metres long by 250 metres wide. Two principal veins occupy the center of the West Vein Zone, the “A-Vein” and the “B-Vein”. The best drill intercepts on the Property to date (Table 1) come from the A-Vein. Headwater has developed several new drill targets testing for extensions of the A-Vein immediately north of historic drill hole H03013, as well as up-plunge and down-plunge extensions along an interpreted mineralized shoot. Additional vein targets along the B-Vein, as well as other un-named veins, are also currently being evaluated.

<u>Hole</u>	<u>Company</u>	<u>Year</u>	<u>Type</u>	<u>Start Depth (m)</u>	<u>Drilled Width (m)</u>	<u>Avg. Grade (g/t Au)</u>
H02010	Bravada	2002	RC	134.1	6.1	12.24
		including		135.6	3.0	21.74
H03013	Bravada	2002	RC	173.7	9.1	9.93
		including		178.3	1.5	50.16
MHH-02	Hochschild	2004	Core	205.1	9.7	6.50
		including		213.4	1.5	23.93

Table 1: Select intercepts from the Highland Project, West Vein Zone, “A-Vein”

Big Hammer Zone: A large rhyolite flow dome with a coincident historic gold in soil anomaly, forms the center of the Big Hammer Zone on the eastern portion of the Highland Project (Figures 2 and 3). Mineralization at the surface is manifested by opaline silica, widespread clay alteration, and interpreted eruption breccias. Historic rock samples with grades up to 15.2 g/t gold demonstrate the capacity for high grades in the area. Shallow (100–150 metre), mostly vertical RC drilling conducted by Cordex in 1980 encountered gold values up to 1.05 grams per tonne, but was focused on exploring for near surface, bulk tonnage mineralization. Headwater believes that vein potential in the projected boiling zone between 150–300 metres below surface has not been adequately tested. East of the main Big Hammer soil anomaly sits a ledge of silica sinter which dips into a pronounced half-graben bounding fault and varies from 1 to >10 metres in thickness. The sinter locally hosts a series of northeast trending eruptive breccias which Headwater geologists believe may represent the high-level expression of feeder structures, with vein targets immediately beneath these structures at depths of approximately 150–300 metres.

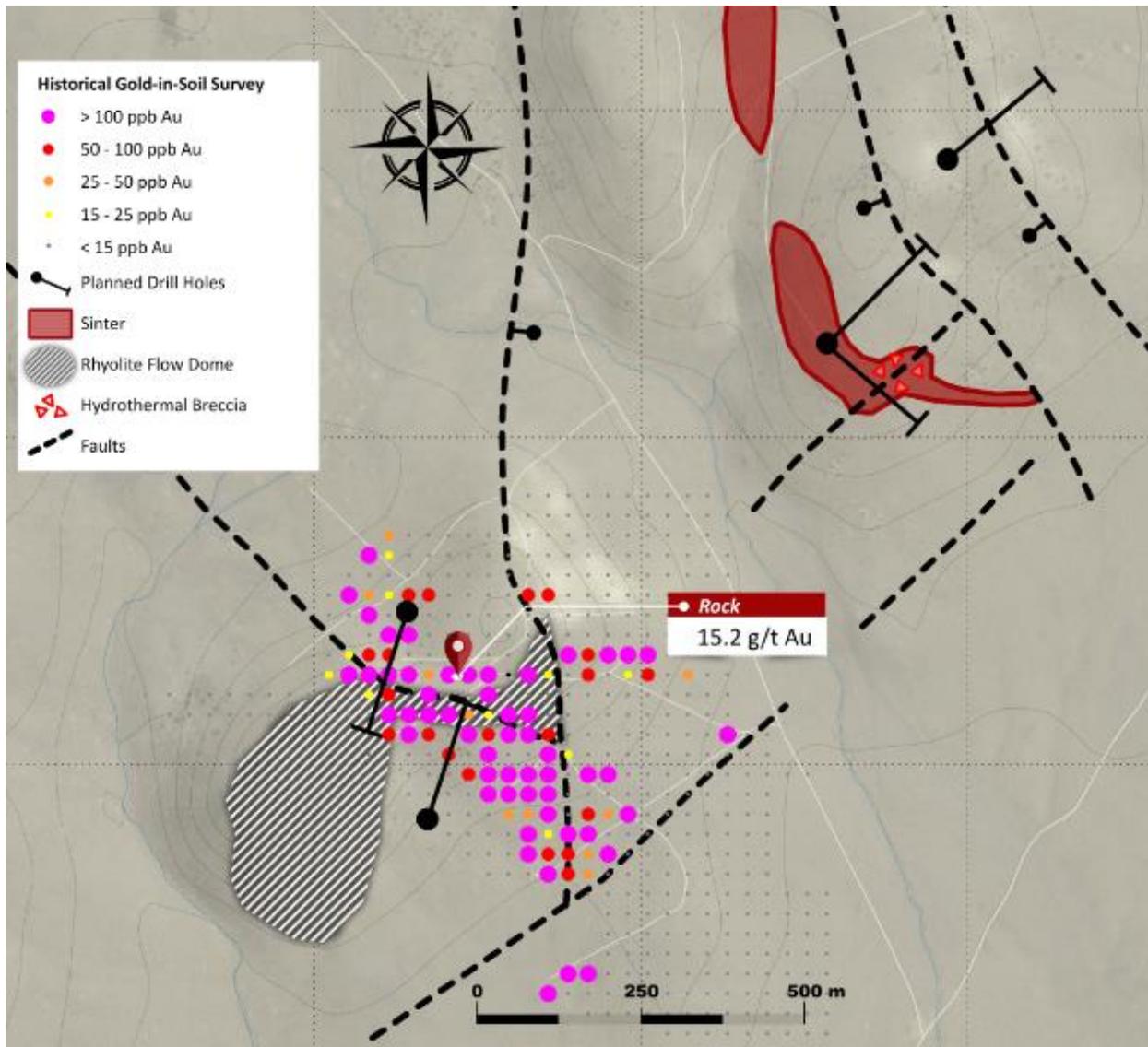


Figure 3: Big Hammer Zone - Historic gold in soil anomaly in relationship to rhyolite flow dome, mapped sinter areas, and planned drill hole traces. Historic soil analyses have not been independently verified by Headwater.

Geyser Zone: The Geyser Zone (Figure 2) is a newly recognized and highly underexplored zone of widespread siliceous alteration, ranging from distal silicified and opalized sediments at the periphery, to high-temperature vent facies sinter in the core. Detailed sinter facies mapping by Oceana and Bravada geologists has highlighted a core vent area which appears, from limited sampling, to be coincident with the best gold and trace element signatures in rock and soil samples.

2021 Work Plan:

Headwater has completed a thorough technical review of the Highland Project data and has prioritized a series of drill targets which will be tested with a Phase I reverse-circulation (“RC”) drilling program, projected to begin in July 2021, that will consist of approximately eight holes

totalling 2,000 metres. Current plans call for four holes in the West Vein Zone and the Big Hammer Zone. Boart Longyear has been contracted to perform RC drilling services and necessary permits with the BLM are in place for drilling in the West Vein Zone. An additional BLM permit is in process for the Big Hammer Zone. Concurrently with the drill program, Headwater geologists will conduct a detailed rock sampling and geologic mapping program to expand the sinter facies mapping work begun by Oceana in the Geyser Zone. The objective of this program will be to further understand the structural controls on the Geyser Zone feeders and develop drill targets which can be tested in a potential Phase II program. Headwater has also contracted Magee Geophysical to conduct a detailed gravity survey which will compliment the mapping and existing CSAMT, and further aid the ongoing drill targeting.

Principal Terms of the Agreement:

Headwater, through a wholly-owned US subsidiary, has acquired the exclusive option to earn up to a 100% undivided interest in the Highland Project, from a wholly-owned US subsidiary of Bravada, by completing the following:

Stage 1: Headwater may earn an initial 51% interest in the Project by 1) paying Bravada US\$10,000 cash upon signing a definitive agreement (paid); 2) incurring minimum exploration expenditures of US\$5,000,000 within the six-year period following the Agreement date, with no less than US\$250,000 to be spent in the initial 18 months.

Stage 2: Headwater may earn an additional 24% interest in the Property, bringing its total ownership interest to 75%, by 1) paying Bravada US\$250,000 in a combination of cash and Headwater shares within 60 days of completing Stage 1; 2) incurring additional exploration expenditures of US\$5,000,000 within the four-year period following the completion of Stage 1.

Stage 3: Following the completion of the 75% earn-in, Headwater retains the additional right to acquire the remaining 25% interest in the Property at a fair market value, as determined either through negotiations with Bravada or by a qualified independent evaluator.

Underlying Royalty Agreement:

The Property is subject to an Underlying Agreement wherein the Underlying Optionors retain a 3% net smelter returns ("NSR") royalty which can be bought down to a 2% NSR for a US\$1,000,000 payment. The Underlying Optionors are entitled to annual advance royalty payments, which shall escalate annually in US\$5,000 increments from US\$30,000 to a cap of US\$50,000. Approximately US\$580,000 in advanced royalty payments have been paid by previous operators to date, which shall be credited against any future production royalty payment.

The Agreement is subject to the acceptance of the Canadian Securities Exchange.

About Headwater Gold:

Headwater Gold Inc. is a technically-driven mineral exploration company focused on exploring for high-grade precious metal deposits in the Western USA. Headwater is actively 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 composed of experienced geologists with diverse capital markets, junior company, and major mining company experience. The Company is well funded and plans an aggressive 2021 exploration season, with the intent to drill several of its 100% owned projects in Nevada, Idaho, and Oregon.

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

On Behalf of the Board of Directors

"Caleb Stroup"
President & CEO

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Qualified Person

The scientific and technical information contained in this news release has been reviewed and approved by Mr. Derrick Strickland, P. Geo., 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, 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, statements as to the anticipated business plans and timing of future activities of the Company, including the Company's exploration plans, 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), permits or financing, 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.