

Headwater Gold Announces Acquisition of the Midas North Epithermal Gold-Silver Project, Nevada and Provides Update on Exploration Activities

Vancouver, British Columbia, October 4, 2021: Headwater Gold Inc. (CSE: HWG) (OTCQB: HWAUF) (the "Company" or "Headwater") is pleased to announce the Company has acquired the Midas North gold-silver project (the "Project" or "Property") in northern Nevada through claim staking.

Summary Highlights:

- Company has acquired a 100% interest in a large, un-drilled epithermal alteration cell immediately north of and adjoining Hecla Mining Company's ("Hecla") (NYSE: HL) Midas mine;
- Widespread sinter, water table silica, and clay alteration infers a fully preserved epithermal system is present;
- Analogous geologic setting to Hecla's Midas mine and the recent Green Racer Sinter vein discovery, where gold grades of 111.8 grams per tonne ("g/t") and silver grades of 490 g/t Ag were intercepted over a drilled thickness of 1.4 metres (see Hecla news release dated February 18, 2021) ⁽¹⁾;
- Widespread areas of highly anomalous mercury geochemistry, which is one of the key pathfinder elements for epithermal vein exploration; and
- The Project was acquired through the staking of 199 unpatented claims on open Bureau of Land Management ("BLM") land and is 100% owned and royalty-free.



Figure 1: Outcrop of opalized sediments and silica sinter at the Big Opal target area, Midas North Project, Nevada.

Caleb Stroup, Headwater's President and CEO, commented: "It is very rare to have the opportunity to stake such a large, untested epithermal alteration cell in a prolific high-grade Nevada mining district. The Midas mine complex immediately to the south serves as clear geologic analog, with over two million ounces of gold and over 25 million ounces of silver historically produced from high-grade epithermal veins at Midas between 1998 and 2019^(1,2) by operators such as Franco-Nevada, Newmont and Hecla. The Midas North project has all the components we look for when targeting large, blind, high-grade epithermal veins. Hecla's impressive Green Racer Sinter discovery announced earlier this year demonstrates that, despite a long history of mining, this district remains highly prospective and under-explored."

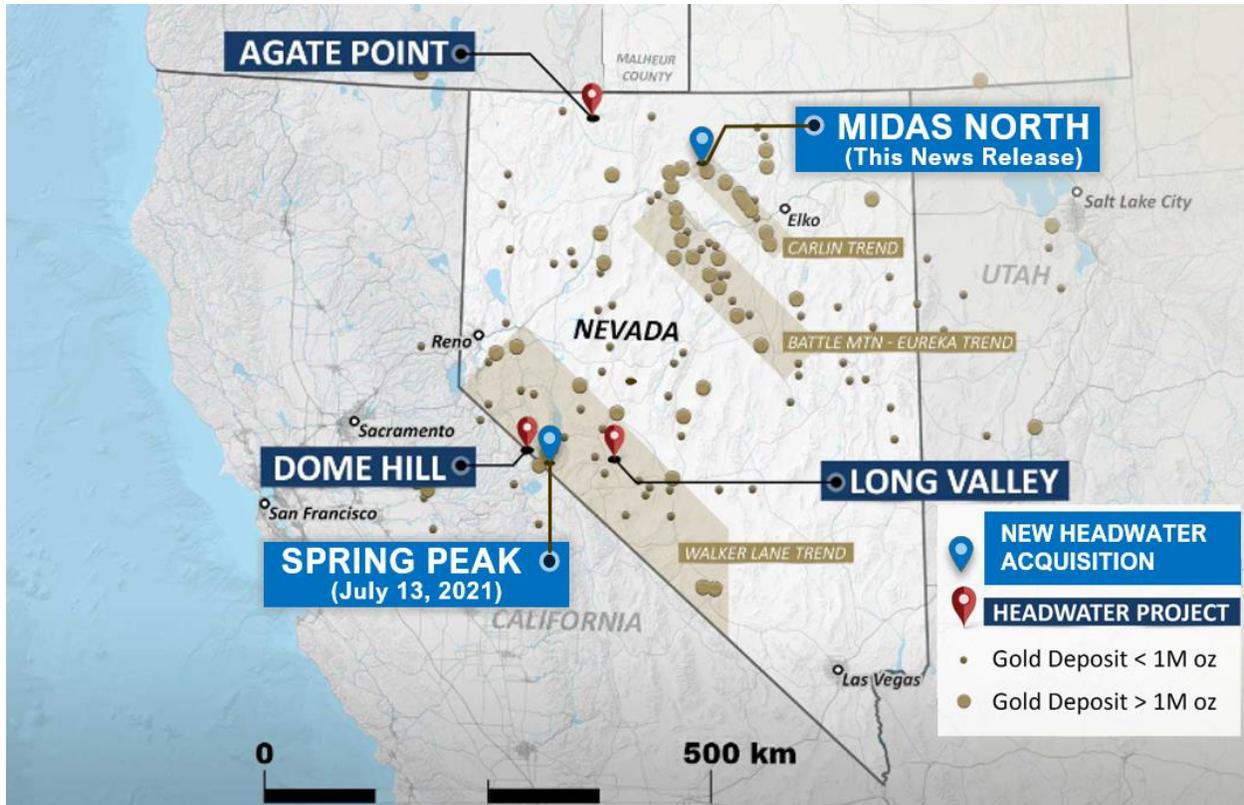


Figure 2: Location of Midas North Project and other Headwater Gold Nevada projects.

About the Midas District:

The Midas North project is located in the Midas District of northern Nevada, approximately 100 kilometres north of the town of Winnemucca and directly adjoins Hecla Mining's Midas mine complex. In 1994 an array of high-grade banded epithermal veins were discovered and historic production from the Midas mine was initiated by Franco-Nevada Corporation (NYSE: FNV) in 1998, with historic reserves of 2.46 million tonnes at a grade of 38.2 g/t Au^{(1),(2)}. Mining continued until 2019 when Hecla elected to temporarily halt production as a result of decreasing head grade. Existing infrastructure at the Midas mine includes a 1,200 ton per day mill, several production water wells, high voltage power, and a fleet of underground mining equipment.

Mineralization in the Midas area is related to mid-Miocene bimodal volcanism associated with the Northern Nevada Rift and is analogous to high-grade low-sulfidation epithermal veins in Northern Nevada including Sleeper, Fire Creek, and Hollister. Gold and silver mineralization in the Midas district typically occurs in sub-vertical banded low-sulfidation epithermal vein arrays, the most significant being the Colorado Grande vein in the central Midas mine area.

In February 2021, Hecla announced the discovery of a new high-grade vein system in a previously undrilled area, approximately 3 km southeast of the main mine area. This new discovery is reported to occur beneath a mapped exposure of geyserite sinter which was correctly identified as a surface venting feature of an epithermal vein system. This discovery highlights the potential for future exploration in the greater Midas district, targeting blind veins beneath widespread high-level epithermal alteration.

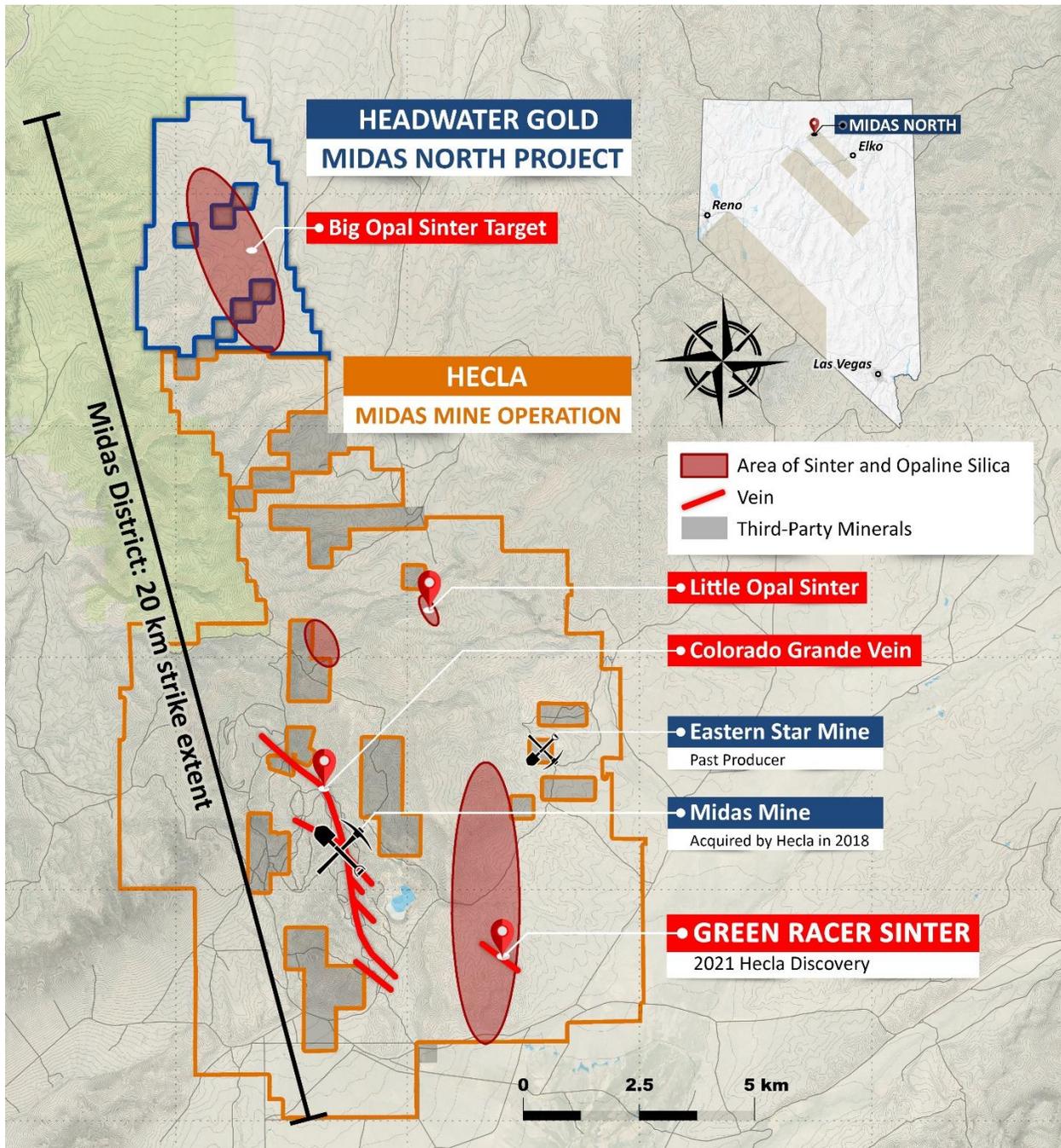


Figure 3: Midas North land position, showing the principal high-level epithermal target areas in the Midas district. Hecla's recent Green Racer discovery occurs in an analogous structural and stratigraphic setting to Midas North, with similar high-level epithermal alteration features present at surface.

About the Midas North Project:

Headwater's Midas North project area 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. This system occurs approximately 10 kilometres along strike north of the Midas mine. The Headwater Project consists of 199 unpatented mining claims on BLM land and covers approximately 1,530 hectares.

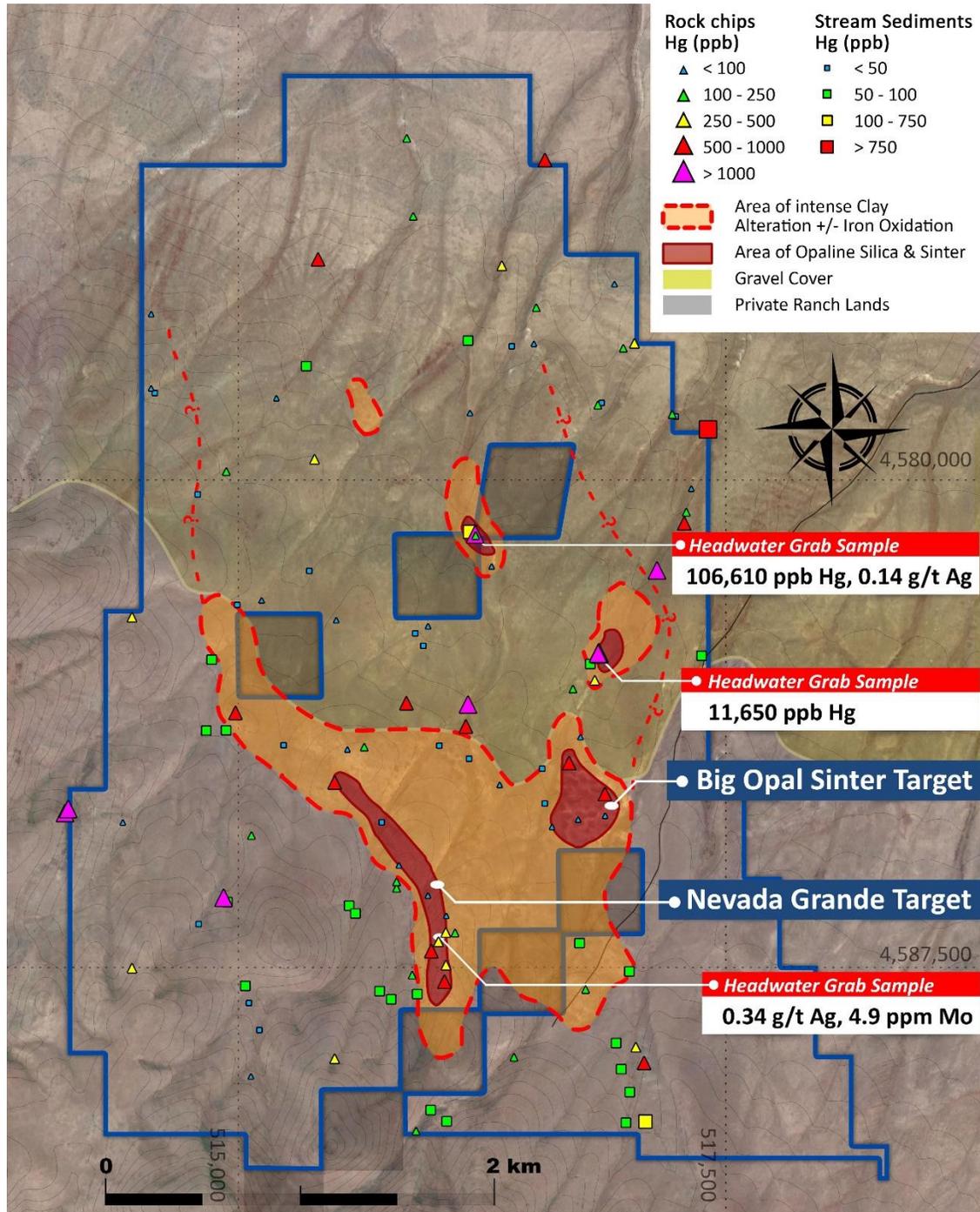


Figure 4: Headwater's Midas North property map, showing the location of the principal target areas with rock and stream sediment sample mercury geochemistry.

Two priority target areas have been identified by Headwater geologists in the field: the Nevada Grande target and Big Opal target areas (Figure 4), both of which exhibit widespread high-level chalcedonic to opaline silica flooding, clay alteration, and local sinter formation. The Nevada Grande target area consists of a ridge forming, linear zone of chalcedonic and opaline silicification over an approximately 1 km strike extent, interpreted to be the high-level manifestations of a potential epithermal feeder structure. The Big Opal target area consists of a widespread zone of sub-horizontal opaline and chalcedonic silica flooding, with localized occurrences of interpreted near-vent sinter facies, such as fossilized geyser vents (Figure 5). To date, 90 rock chip samples and 54 stream sediment samples have been collected by the Company from the Project area. This limited initial sampling as already highlighted several priority areas of anomalous precious metal values, with highly anomalous values of important epithermal pathfinder elements, such as mercury.

The Project area has seen very limited historic exploration. Although the Project was reportedly staked by Newmont Corporation (NYSE: NEM) in the past, Headwater is not aware of any historic exploration drilling on the property. Headwater geologists are currently planning an expanded multi-disciplinary surface exploration program which will be carried out in late 2021 and into 2022 with a goal of identifying additional high-priority drill targets. This program is expected to include detailed geologic mapping, rock chip sampling, systematic soil sampling, airborne magnetics, airborne radiometrics, and ground based resistivity profiles.



Figure 5: Interpreted fossilized geyser vent within the Big Opal sinter zone. Note the silica mound surrounding the vent throat as well as the desiccation cracks on the vent walls.

Update on Other Exploration Activities:**Spring Peak Project**

Assays from five holes are pending from the Spring Peak drill program, which was completed earlier this month (see news release dated September 15, 2021). The Company expects assay results some time during the second half of October.

Highland Project

The Company has received assay results from the Highland drill program which was completed in early August (see news release dated August 10, 2021). No significant high-grade vein intercepts were encountered in the initial seven-hole program. The Company believes the high-priority targets in the district have been adequately tested and the underlying property owner has been notified of Headwater's intention to terminate its option agreement. The decision to terminate the option is in-line with the Company's disciplined exploration strategy of pursuing high-impact discoveries by testing high-quality targets as quickly and cost-effectively as possible.

Mahogany and Katey Projects

Federal and state drill permits have been received for the Company's 100% owned Katey and Mahogany Projects in eastern Oregon. A Boart Longyear diamond drill rig is scheduled to mobilize to the Mahogany Project in mid-October, where the focus will be testing multiple vein targets along the Main Ridge Fault zone, which locally contains high-grade gold values in surface sampling, up to 170 g/t Au. Following the conclusion of drilling at Mahogany, the rig is scheduled to move to the Katey Project.

Sample Quality Control:

Drilling at Highland was conducted by Boart Longyear using a wheel-mounted reverse circulation drill rig. The drill chips were logged on site and at Company offices in Reno, Nevada. Drilling totalled 2,097 metres, and 1,376 original samples were collected. Samples were transported from site to American Assay Laboratories ("AAL"), located in Sparks, Nevada by American Assay personnel. Prior to dispatch, samples were placed in numbered bags with regular insertion of blind internationally certified reference materials, blanks, or a sample duplicate. American Assay Laboratories are an accredited analytical laboratory meeting ISO/IEC 17025:2017 and AC89 IAS requirements. Samples were prepared by standard AAL crushing and grinding methods. The pulps were then assayed for 21 elements via AAL method ICP-2AM21 using a 0.5 g sample after a two acid near total digest with an ICP-OES/MS finish. Gold was assayed by fire assay using AAL method FA-Pb30 using a 30g sample charge and ICP-OES finish. Laboratory standards and QA-QC are monitored by the Company.

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 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 composed of experienced geologists with diverse capital markets, junior company, and major mining company experience. The Company is systematically drill testing 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 technical information contained in this news release has been reviewed and approved by Mr. Derrick Strickland, P.Geo. (1000315), a "Qualified Person" ("QP") as defined in National Instrument 43-101 – Standards of Disclosure for Mineral Projects.

- 1 The Qualified Person has been unable to verify the information on the adjacent properties. Mineralization hosted on adjacent and/or nearby and/or geologically similar properties is not necessarily indicative of mineralization hosted on the Company's properties. Historical resource estimates are treated by the Company as historical in nature, and not current.
- 2 Goldstrand, P.M., and Schmidt, K.W., 2000, Geology, mineralization, and ore controls at the Ken Snyder gold-silver mine, Elko County, Nevada, in Cluer, J.K., Price, J.G., Struhsacker, E.M., Hardyman, R.F., and Morris, C.L., eds., Geology and Ore Deposits 2000: The Great Basin and Beyond: Geological Society of Nevada Symposium Proceedings, May 15-18, 2000, p. 265-287.

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.