

Headwater Gold Options the Spring Peak Gold-Silver Project, Nevada

Vancouver, British Columbia, July 13, 2021: Headwater Gold Inc. (CSE: HWG) (the "Company" or "Headwater") is pleased to announce that, through their respective US subsidiaries, Headwater and Orogen Royalties Inc. ("Orogen") have signed a Definitive Agreement (the "Agreement") granting Headwater the exclusive Option to acquire a 100% interest in the Spring Peak epithermal gold-silver project (the "Project" or "Property") located in the State of Nevada, United States (Figure 1). The Company intends to begin drilling at the Property in August of 2021.

Highlights:

- Headwater has an Option to acquire a 100% interest in the Project;
- Project located immediately adjacent to the past producing Aurora mine, owned by Hecla Mining Company ("Hecla");
- Historic rock sampling on the Property returned values up to 35.7 g/t gold in banded epithermal quartz veins;
- Shallow historic RC drilling consistently encountered anomalous gold values, but failed to test for high-grade vein mineralization at depth;
- Project is fully permitted with drilling expected to commence August 2021; and
- Anticipated Phase I program to consist of five holes totalling 1,500 metres.

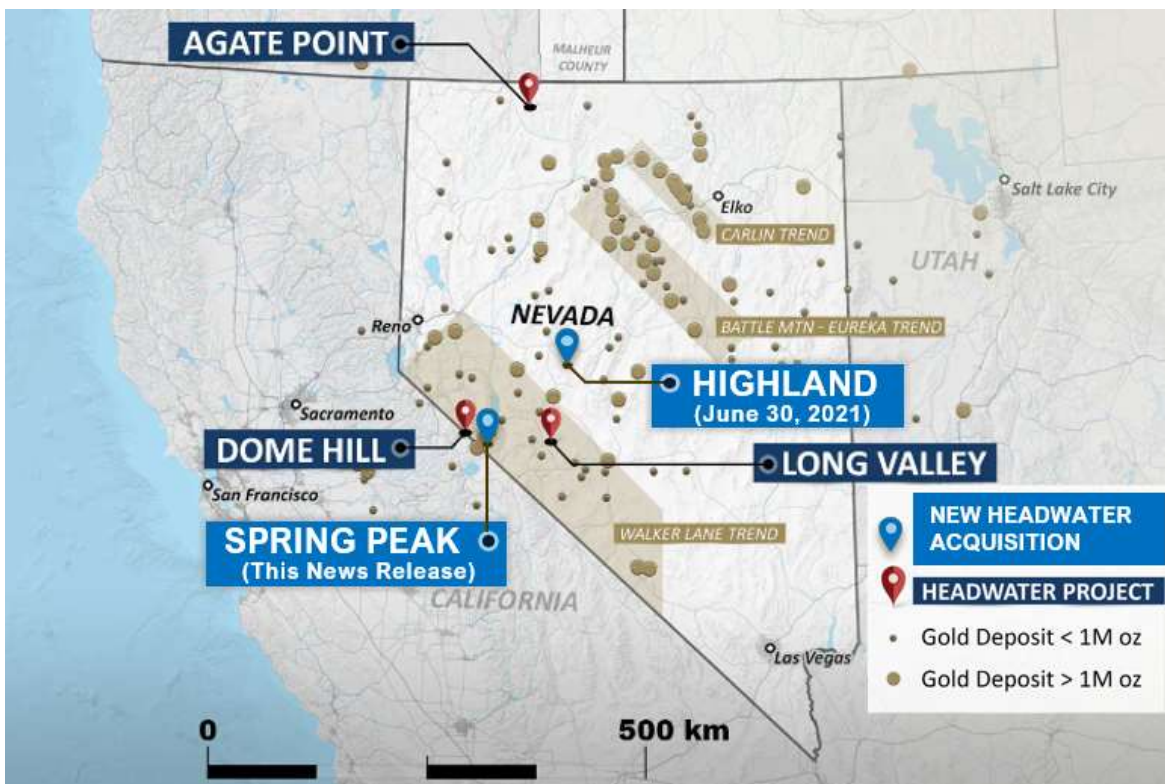


Figure 1: Location of the Spring Peak Project and other Headwater Nevada projects

Caleb Stroup, President and CEO of the Company, commented: *“The Spring Peak Project presents an exceptional opportunity to explore a large and under-explored precious metal system with a clear analog immediately next door at Hecla’s Aurora mine. Aurora was a remarkably high-grade past-producer, with the first 1.5 million ounces of production reportedly averaging over 2 ounces per ton gold. We believe that the Spring Peak Project has great potential for high-grade mineralization. Spring Peak and the recently acquired Highland Project are great additions to the Company’s compelling portfolio of drill-ready, high-grade targets in Nevada, Idaho and Oregon.”*

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 Aurora mine complex, where existing infrastructure includes a 350 ton per day mill, currently on care and maintenance, several production water wells, and high-voltage three-phase power.

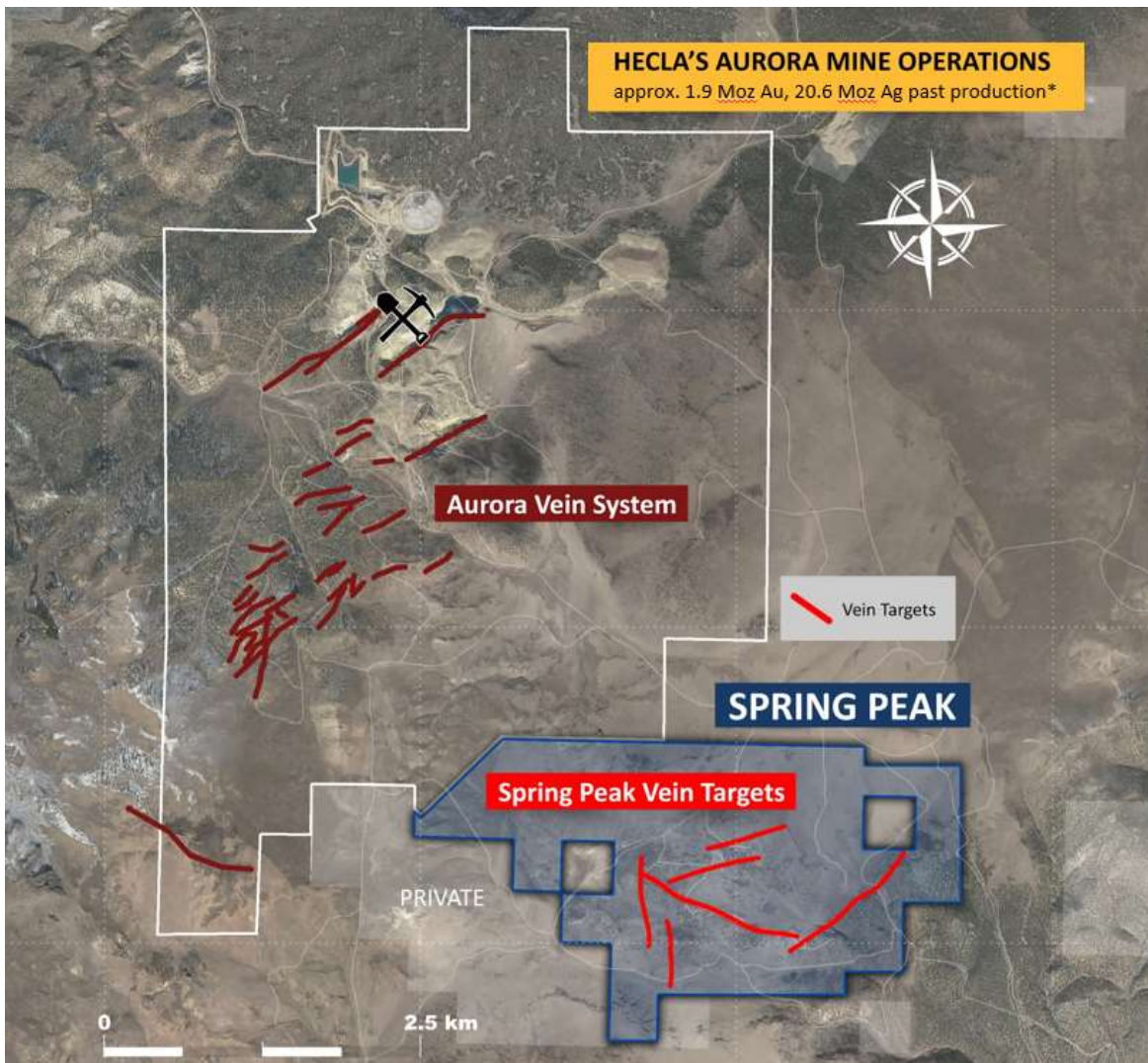


Figure 2: Spring Peak Project location, relative to past-producing Aurora mine.

A large hydrothermal alteration cell occurs in the center of the Spring Peak Project area, which is interpreted by Headwater as representing high-level manifestations 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. This sinter displays various vent facies textures interpreted by Headwater to reflect a high-energy hydrothermal vent environment, suggesting good potential for epithermal vein mineralization in feeder structures at depth. Several other linear exposures of intense silicification, with corresponding CSAMT resistivity anomalies at depth, present additional vein targets elsewhere on the Project.

Historic rock float samples of banded quartz vein material on the Property reportedly returned assays of up to 5.52 g/t Au and select vein sampling of narrow banded epithermal veins cutting a granite in outcrop have returned values up to 35.70 g/t Au. The only historic drilling on the Property took place in the 1980's and consisted of mostly vertical, shallow reverse-circulation (RC) holes targeting low-grade, bulk tonnage mineralization within 100 metres of the surface. Most of these holes reportedly encountered gold mineralization ranging from 0.1 g/t Au to 1.93 g/t Au, with many ending in anomalous gold values. The potential for high-grade gold mineralization in epithermal veins below approximately 100 metres depth remains untested.

The most recent work on the Property was performed by OceanaGold ("Oceana"), who completed 10 line-kilometres of CSAMT geophysics, 465 soil samples, detailed geologic mapping, and drill targeting. Oceana permitted the Project for drilling but completed no drilling before returning the Project to Orogen following the closure of their Nevada exploration office. The Oceana drill permit has been transferred to Headwater and allows for pad construction and drilling immediately.

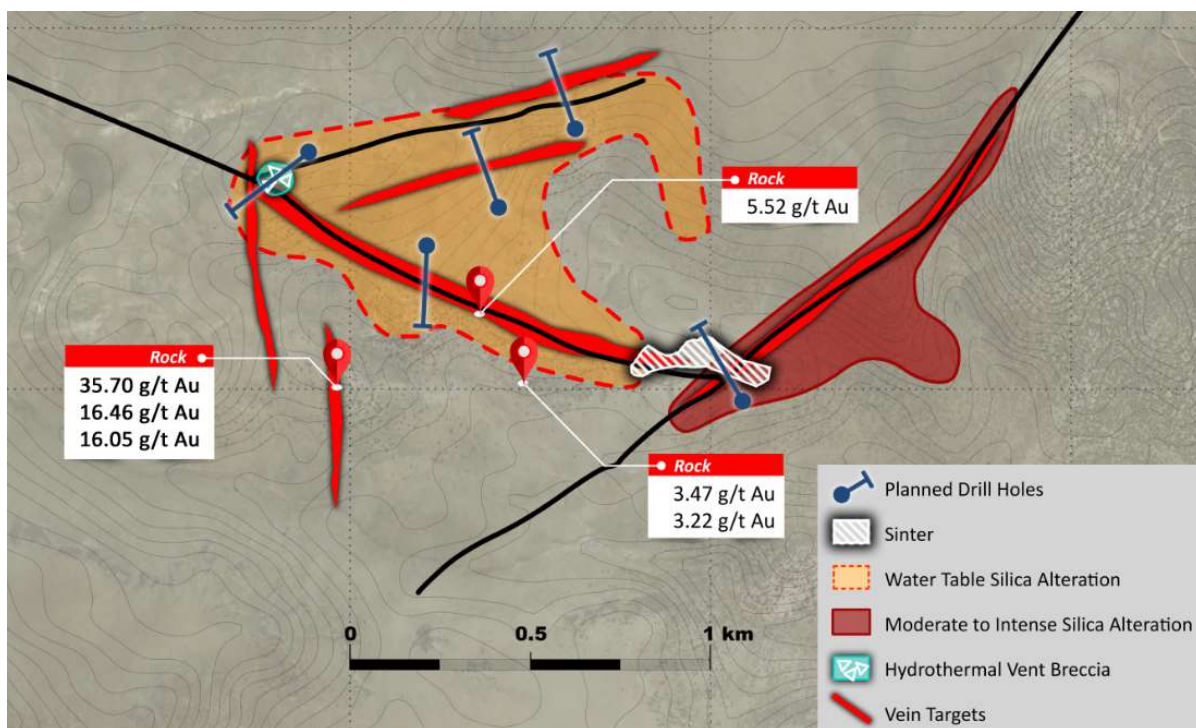


Figure 3: Principal vein targets at the Spring Peak Project relative to key geologic features and historic rock sampling highlights.

2021 Work Plan:

Several high-priority drill targets have been identified by Headwater which the Company intends to test with an initial RC drilling program, projected to begin in August 2021, immediately following the completion of the drill program at the Company's Highland project (see [News Release](#) dated June 30, 2021). Concurrently with the drill program, the Company intends to conduct a geologic mapping and rock sampling program, with the goal of expanding the footprint of known mineralization elsewhere on the existing Spring Peak Project.

Principal Terms of the Agreement:

The Agreement allows for Headwater to acquire a 100% undivided interest, subject to retained royalties, in the Spring Peak project from Orogen for consideration of US\$10,000 on signing, exploration expenditures of US\$250,000 within 24 months of signing, a cash or share payment totaling US\$250,000 (subject to receipt of certain future permitting milestones), and maintaining all required underlying option payments and royalties. Orogen will retain a 0.5% net smelter return ("NSR") royalty and an option to purchase an additional 0.5% NSR royalty for US\$1,000,000. The underlying option payments include an annual lease payment commencing at US\$40,000 and escalating up to US\$60,000 (indexed to inflation) and a US\$500,000 buyout. The underlying optionor will retain a 2.5% NSR royalty of which 1.5% of the NSR may be purchased for US\$1,500,000 at any time.

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 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 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.

* Historic production figures from Vikre et al., 2015 The qualified person has been unable to verify the information on the adjacent Property. Mineralization hosted on adjacent and/or nearby and/or geologically similar properties is not necessarily indicative of mineralization hosted on the Company's Property

References

Vikre, P.G., John, D.A., du Bray, E.A., and Fleck, R.J., 2015, Gold-silver mining districts and alteration zones in the Miocene Bodie Hills volcanic field, California and Nevada: U.S. Geological Survey Scientific Investigations Report 2015-5012.

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.