

Headwater Gold Commences Drilling at Spring Peak Project, Nevada

Vancouver, British Columbia, August 10, 2021: Headwater Gold Inc. (CSE: HWG) (the "Company" or "Headwater") is pleased to announce a reverse circulation ("RC") drill program has commenced at the Spring Peak Project, Nevada following the successful completion of first-pass drilling on the Company's Highland Project (see news release dated July 15, 2021). Headwater has undertaken a thorough technical review of the Spring Peak data and has prioritized a series of drill targets which will be tested with a planned program of five holes totalling approximately 1,500 metres.

Highlights:

- The commencement of drilling at Spring Peak marks the second of several drill programs planned on Headwater projects in 2021;
- Spring Peak is located immediately adjacent to the past producing Aurora gold mine, owned by Hecla Mining Company ("Hecla");
- Shallow historic RC drilling on the Project consistently encountered anomalous gold values, but failed to test for high-grade gold-silver vein mineralization at depth; and
- Headwater is targeting high-grade epithermal vein mineralization at depth.

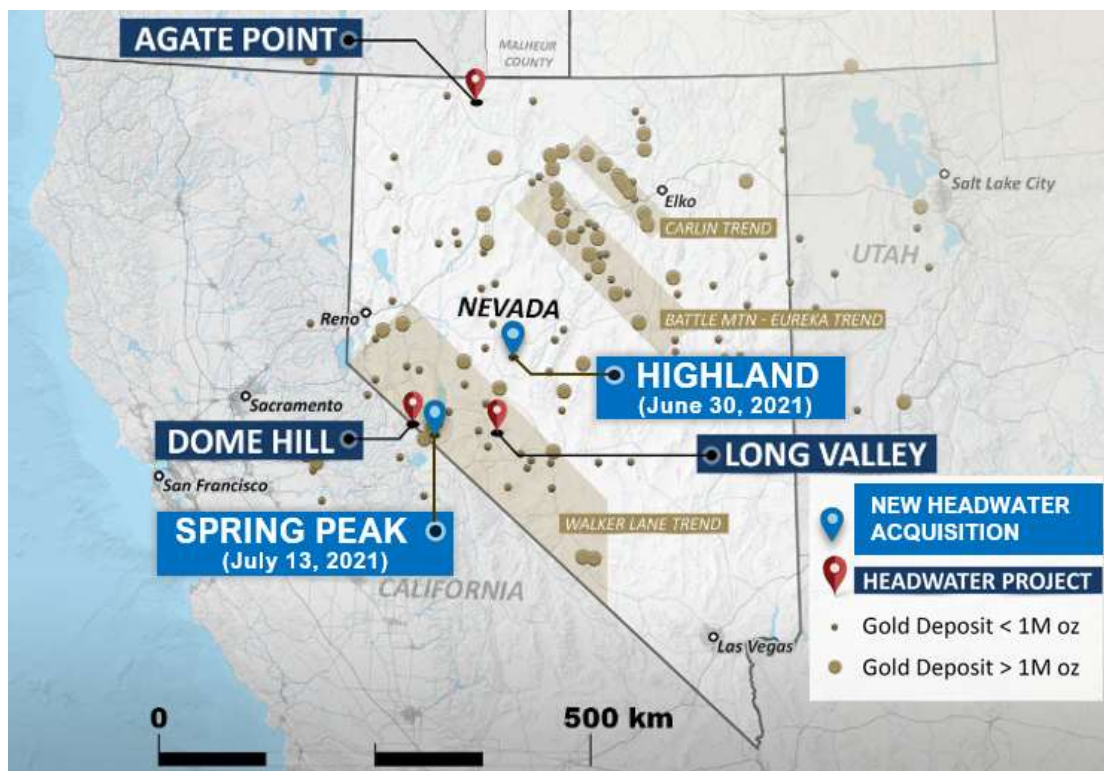


Figure 1: Location of the Spring Peak Project and other Headwater Nevada projects

About the Spring Peak 2021 Drill Program:

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. A large hydrothermal alteration cell occurs in the center of the Spring Peak Project area, which is interpreted by Headwater as representing the high-level manifestations of an epithermal precious metal system. Using a variety of geological and geophysical targeting tools, Headwater geologists have identified several high-grade vein targets at depth beneath this high-level alteration cap. The highest priority targets will be tested with this drill program, which is planned to consist of five holes totalling approximately 1,500 metres. The planned drill holes are designed to cut across the interpreted principal structural controls on the alteration cell at vertical depths of 150-250 metres, where they are expected to cut the inferred epithermal boiling zone. No historic drilling has penetrated to these depths at Spring Peak.

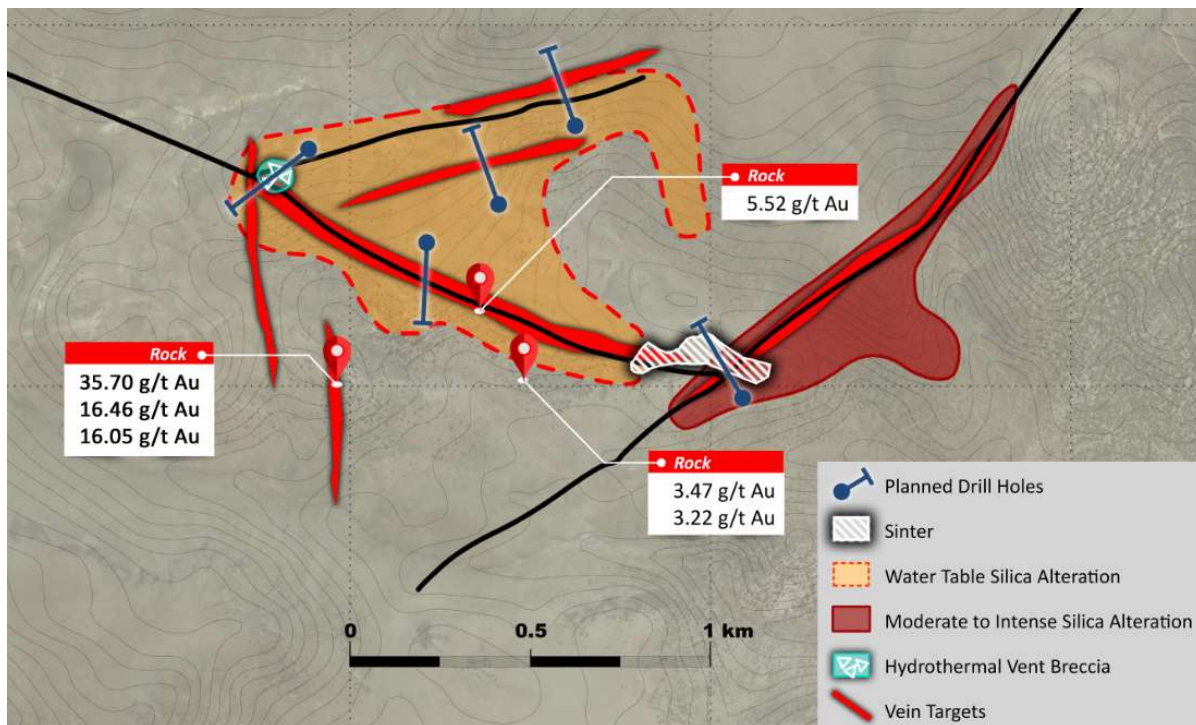


Figure 2: Principal vein targets at the Spring Peak Project relative to key geologic features and select historic rock sampling highlights.

About the Highland 2021 Drill Program:

Further to the Company's news release of July 15, 2021, Headwater has successfully completed a seven-hole RC drill program totalling approximately 2,100 metres at the Highland Project, Nevada, prior to mobilizing the drill rig to Spring Peak. Drilling was completed on schedule and below budget, with each hole reaching the targeted depth or beyond. Four holes were completed in the West Vein Zone target area, with the goal of offsetting historic drill hole H03-013, which 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. Each hole in the current drill program encountered quartz veining and alteration. Three holes were also completed in the Big Hammer Zone, each of which intersected

significant zones of alteration. Samples have been dispatched to the laboratory, with initial assay results expected in approximately four to six weeks.

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 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

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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.

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.