

Headwater Gold Reports Drill Results from First-Pass Drill Program at Mahogany, Including 9.37 g/t Au Over 0.73 Metres

Vancouver, British Columbia, January 27, 2022: Headwater Gold Inc. (CSE: HWG) (OTCQB: HWAUF) (the "Company" or "Headwater") is pleased to announce assay results from the first-pass diamond core drill program on its 100% owned Mahogany gold project.

Highlights:

- First-pass scout drilling, totalling 810 metres in five holes, intersected multiple zones of anomalous gold mineralization;
- Hole MH21-02 intersected 1.47 grams per tonne ("g/t") gold over 12.3 metres, including 4.05 g/t gold over 3.84 metres, with the highest individual sample grading 9.37 g/t gold over 0.73 metres;
- Mineralization encountered in MH21-02 remains open along strike to the northwest;
- Core orientation analysis and analytical results indicate northwest- and northeast-trending structures appear to be the predominant mineralized features, pointing to additional yet to be tested targets on the property; and,
- Drill results from Headwater Gold's 100% owned Katey Project, located 30 km northwest of Mahogany, are pending (see news release dated December 9, 2021) with results expected within approximately two to four weeks.

Caleb Stroup, Headwater's President and CEO, states: *"The initial drill results from Mahogany clearly demonstrate the presence of a structurally controlled epithermal gold system with the potential for high grades. As is common with many epithermal vein systems, initial drilling appears to indicate a complex structural control to the system with oriented core data implying that the Main Ridge Fault zone is less important as a feeder than more enigmatic northeast- and northwest-trending structures. This updated geological interpretation opens the door to a number of new targets on the property, including the extension of the mineralization encountered in MH21-02 which remains open to the northwest. The Company is currently planning a ground-based geophysical program to better understand the structural controls to the system and future targets will be prioritized in the context of the full Headwater exploration portfolio as they develop. Mahogany, which was staked on open ground, is a good example of our ability to generate new 100% owned projects on claim-free, open ground."*

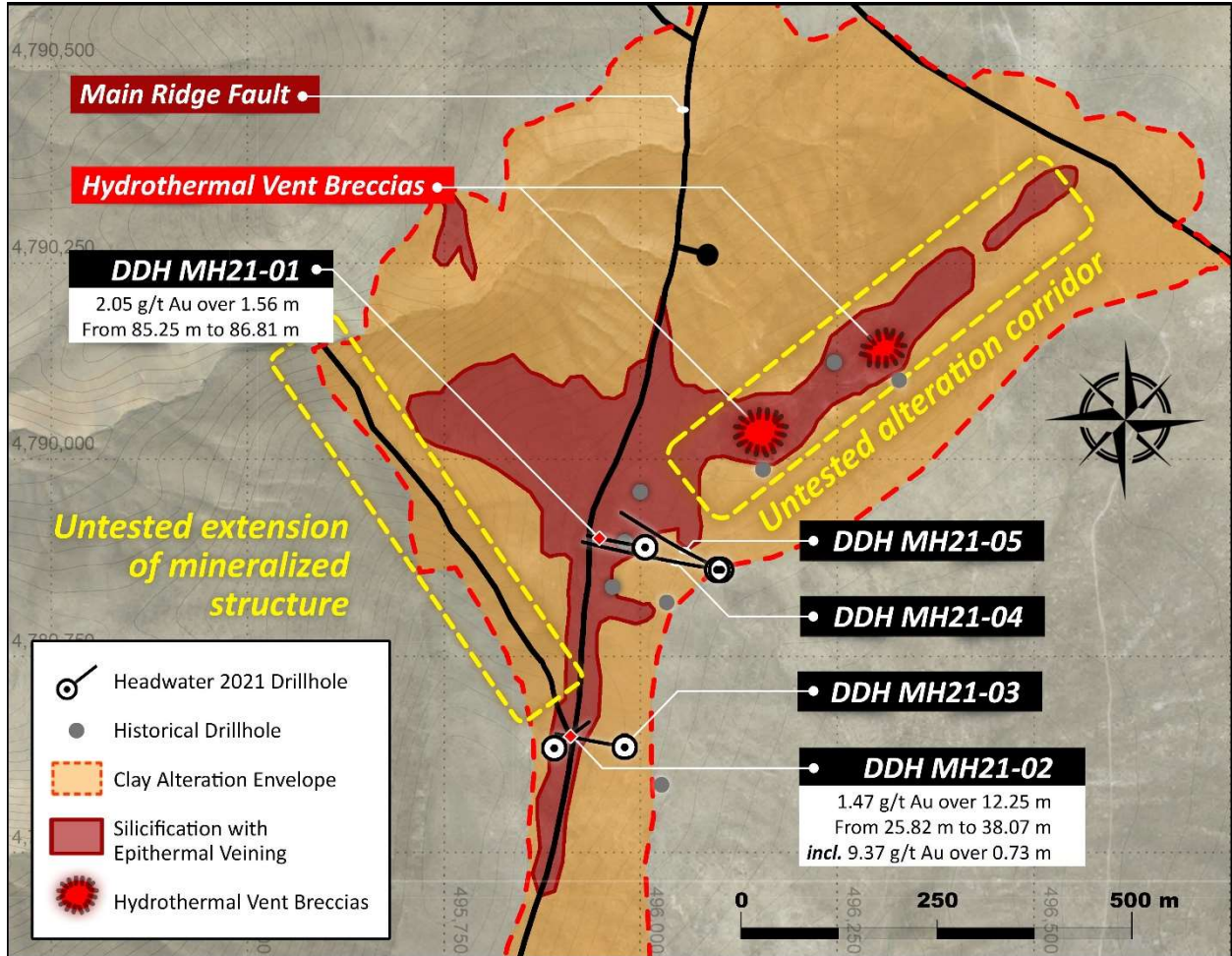


Figure 1: Principal geologic features at the Mahogany Project with locations of 2021 Headwater drill holes and primary targets for follow-up.

Table 1: Drill results from the Mahogany Project¹

Hole ID	From (m)	To (m)	Interval (m)	Gold Grade (g/t)	Az (deg)	Inc (deg)	TD (m)	Comments
MH21-01	85.25	86.81	1.56	2.05	280	-54	121.92	
MH21-02	25.82	38.07	12.25	1.47	50	-45	76.20	Maximum value of 9.37 g/t Au over 0.73 metres
<i>including</i>	28.50	32.34	3.84	4.05				
MH21-03	<i>No significant results</i>				280	-45	137.16	
MH21-04	<i>No significant results</i>				180	-45	231.65	
MH21-05	<i>No significant results</i>				295	-57	259.08	

About the Mahogany Project:

The Mahogany Project is located in Southeastern Oregon, 20 km northwest of Integra Resources' DeLamar deposit. Using a variety of geological and geophysical targeting tools, Headwater geologists identified a high-level epithermal system with high-grade gold at the surface up to 170.0 g/t Au (from rock grab samples). Headwater's drill program at Mahogany consisted of five diamond core drill holes totaling 810 metres. Drilling focused on a 500-metre segment of the Main Ridge Fault ("MRF") zone, which Headwater Geologists interpreted as a possible feeder to the alteration cell manifest at surface.

Headwater drilling penetrated deeper than any historic drill holes and four of five drill holes encountered alteration, veining associated with the MRF (Table 1). Two holes encountered significant gold mineralization in close proximity to the fault. The apparent lack of continuity of gold mineralization along the MRF is thought to be the result of northwest- and northeast-trending secondary structures playing a more significant role in controlling mineralization than previously understood. Detailed analysis of structural data collected from the oriented core indicate that the mineralized intercept in drill hole MH21-02 coincides with steeply dipping northwest-trending set of quartz-calcite veins which parallel a northwest trending structure in the footwall of the MRF (Figure 1). This structure remains open along strike northwest of MH21-02.

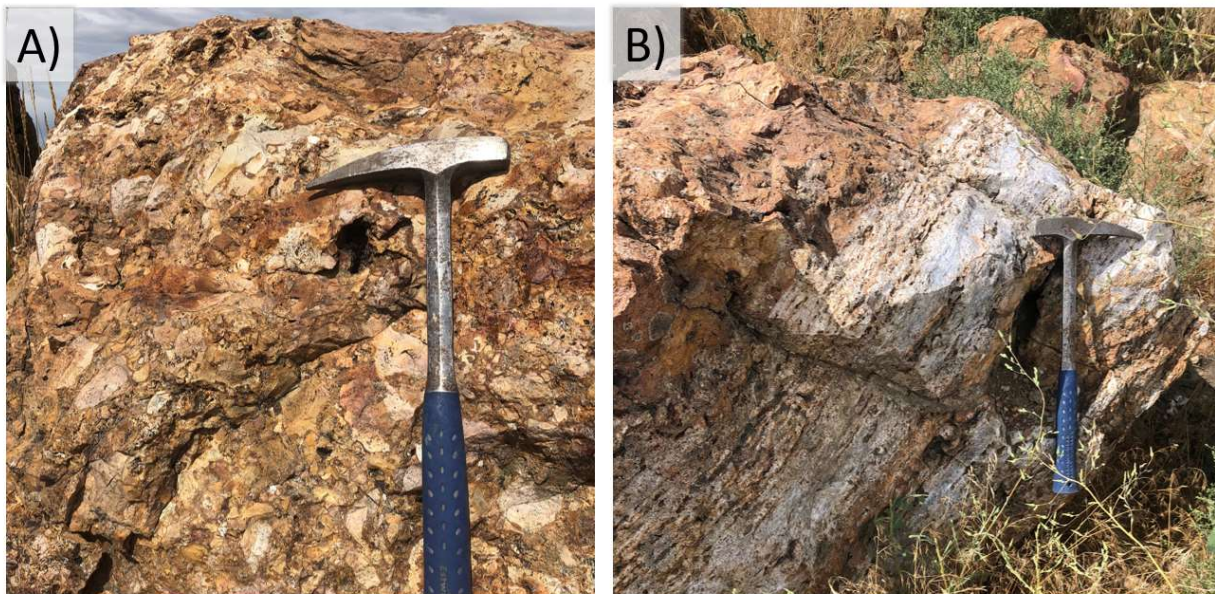


Figure 2: Photographs of vent breccias along northeast trending ridgeline (see Figure 2). A) multi-lithic phreatic breccia with silicified sediment and sinter clast in strongly iron stained siliceous matrix. Large clast of bedded sinter within phreatic vent breccia.

Analysis of oriented core data also highlighted an abundance of northeast-trending epithermal veins and veinlets in many of the drill holes. This orientation is parallel to a prominent altered northeast-trending ridgeline in the hanging wall of MRF which hosts two hydrothermal vent breccias (Figure 1) consisting of opalized sediment and sinter clasts within a silica matrix (Figure 2). Surface samples from the breccia exposures return anomalous gold values and highly elevated pathfinder geochemistry. Historical drilling in the area was limited to less than 30 metres

vertical depth and did not adequately test the vent feeders at the appropriate depths. A surface geophysical program is currently being planned to better define the three-dimensional geometry of these target areas at depth.

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 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

For further information, please contact:

Brennan Zerby
Investor Relations Manager
+1 (778) 867-5016
bzerb@headwatergold.com

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.

¹Reported grades were calculated using a 0.2 g/t cut-off grade for primary intervals and a 2 g/t cut-off grade for included intervals. Intervals correspond to downhole thickness, with insufficient information available to calculate true thickness.

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.