

Headwater Gold Announces Acquisition of New Epithermal Gold Project, Idaho

Vancouver, British Columbia, January 31, 2022: Headwater Gold Inc. (CSE: HWG) (OTCQB: HWAUF) (the "Company" or "Headwater") is pleased to announce the Company has acquired the Crane Creek Gold Project (the "Project" or "Property") in western Idaho through a combination of claim staking, leasing private land, purchasing senior unpatented mining claims, and the award of a minerals lease by the state of Idaho.

Highlights:

- The Company has spent over twelve months consolidating a 100% interest in a large, fully preserved epithermal system with multiple high-grade vein targets;
- Historic shallow drill intercepts include 62.5 metres grading 1.21 g/t Au starting from 6.1 metres depth in Hole 96-24, including 8.14 g/t Au over 3.0 metres^{1,2};
- Shallow and mostly vertical historic drilling targeted bulk tonnage mineralization but failed to test high-grade vein potential within and beneath the known lower-grade zones;
- Project located 8 km along trend northwest of the GoldMining Inc.'s (NYSE:GLDG) Almaden gold deposit which reportedly contains an NI 43-101 compliant resource of 910,000 oz Au Indicated and 160,000 oz Au Inferred^{1,3};
- Drill permits have been submitted to Bureau of Land Management and State of Idaho with drilling planned to commence in mid 2022.



Figure 1: Examples of surface exposures of high-grade quartz vein targets. A) Surface expression of the Consolidated Vein which returned 8.34 g/t Au over a 0.5 metre chip sample of chalcedonic silica cemented breccia. B) Exposure of the DM Vein which returned 4.42 g/t Au over a 1 metre chip sample of opaline silica vein fill interpreted by Headwater geologists as occurring high in the epithermal system.

Caleb Stroup, Headwater's President and CEO, states: "The Crane Creek Project is an exceptional exploration opportunity in the increasingly active and mining-friendly jurisdiction of Idaho. Fragmented land ownership and surface access limitations hindered previous exploration efforts, and the Project has seen essentially no activity since 1996. After well over a year of work, the Company has consolidated the district and secured a long-term surface access agreement. Crane Creek hosts a large gold anomaly at surface with a coincident swarm of outcropping high-level epithermal veins that has seen virtually no targeted exploration for high-grade vein mineralization. Limited shallow historic drilling points to excellent high-grade potential at depth, in addition to the lower-grade mineralization which may be amenable to open-pit extraction. It is encouraging that the mercury-rich cap of the epithermal system is located only a few metres topographically above the outcropping veins and surface gold anomaly, suggesting the system is fully preserved."

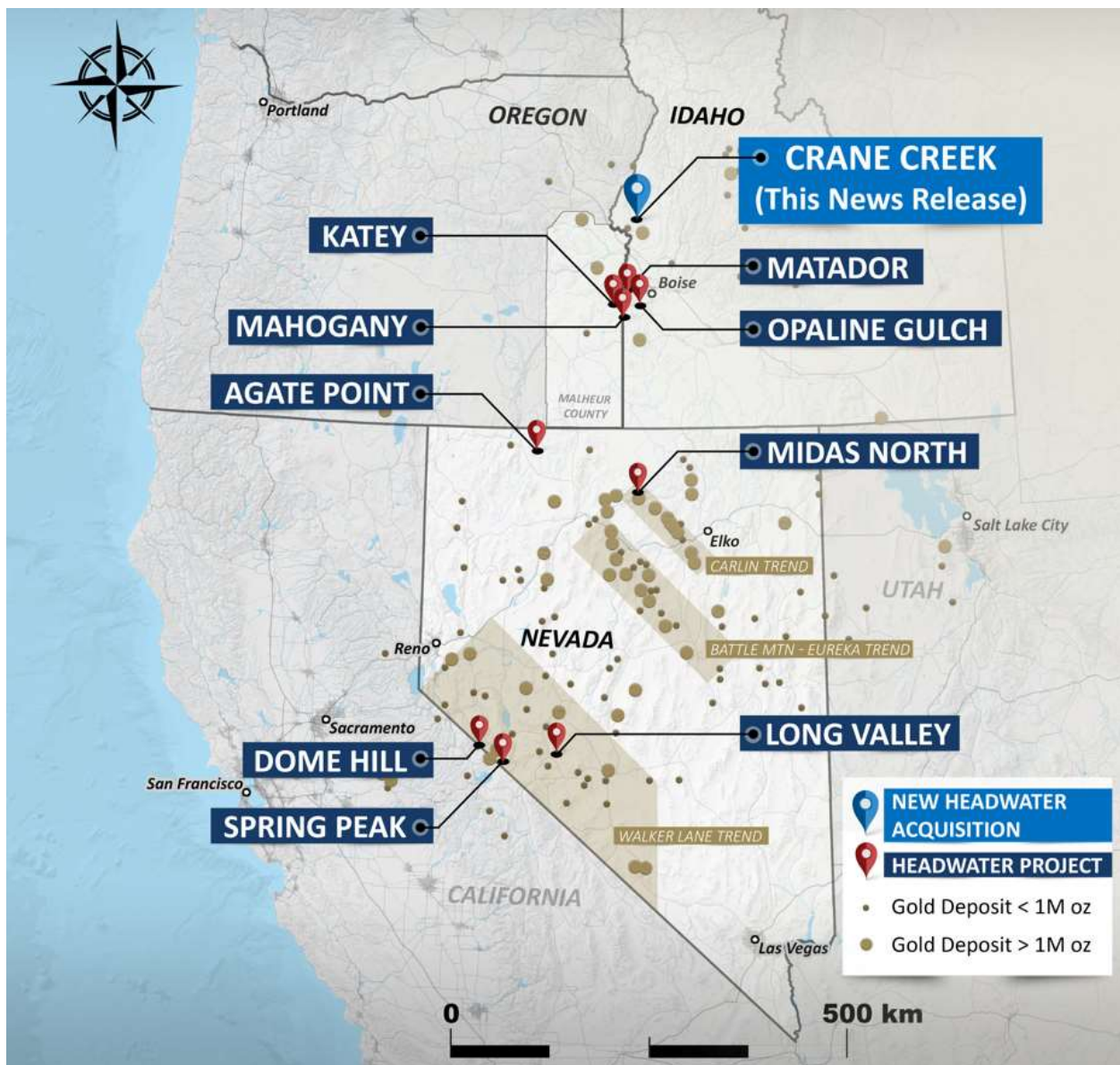


Figure 2: Location map of Crane Creek Project and other Headwater Gold projects in the western USA.

About the Crane Creek Project:

The Crane Creek Project is located in western Idaho, approximately 18 km northeast of the town of Weiser and 90 km northwest of the city of Boise, with a paved County road less than 1 km from the southern Property boundary. The Project encompasses an array of mineralized quartz veins within a broad gold and trace element geochemical anomaly with features characteristic of a fully-preserved low-sulfidation epithermal system, including mercury prospects, widespread opaline silica, and chalcedonic vein fill. This alteration cell is located 8 km along trend northwest of the Almaden gold project (910,000 oz Au Indicated, 160,000 oz Au Inferred^{1,2}). The Crane Creek Project comprises approximately 1,240 hectares, consisting of 123 unpatented federal mining claims on BLM land, a 640 acre State of Idaho minerals lease, and a private lease.

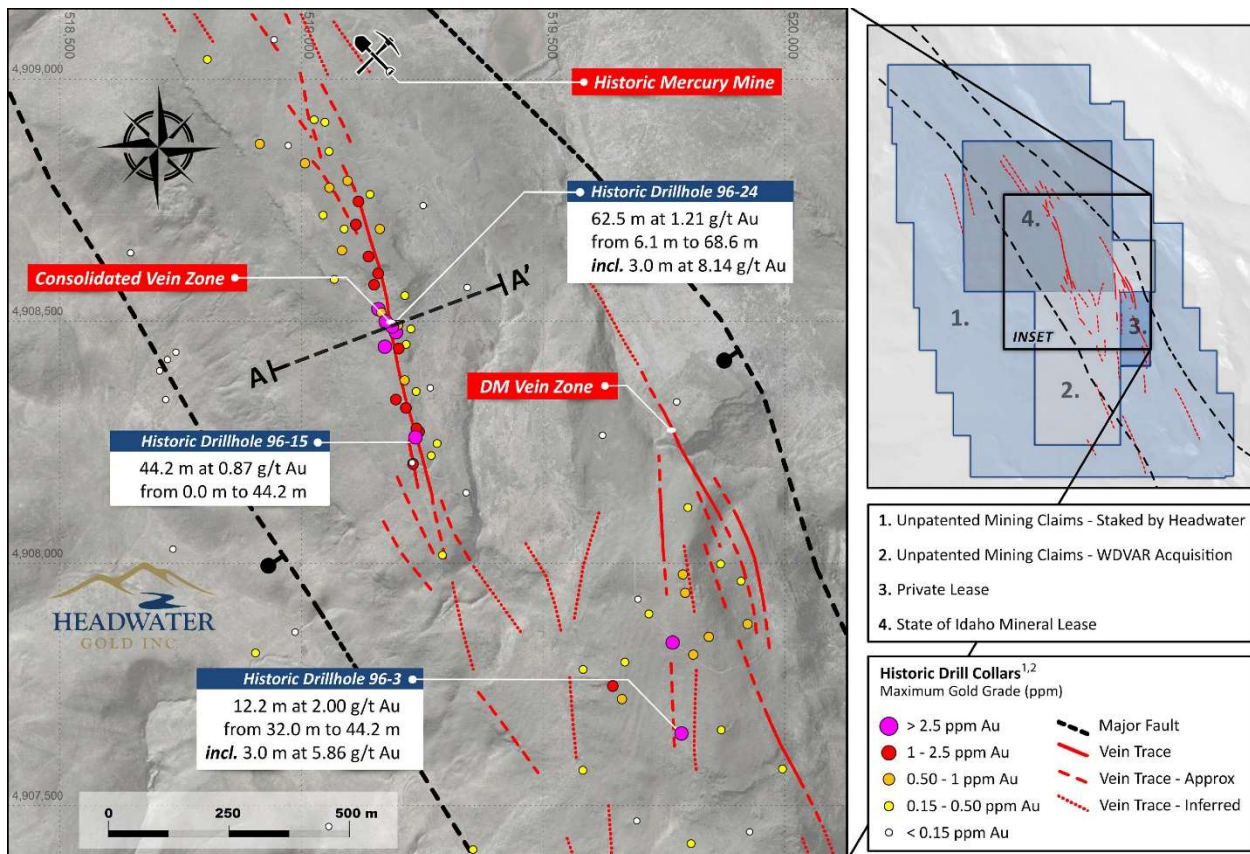


Figure 3: Crane Creek Project land position and historical drill collars^{1,2} within respect to known and inferred epithermal veins. Historic drilling focused on high-level exposures of epithermal veins at elevations tens of metres beneath mercury prospects and workings close to the paleosurface. Historic drill holes¹ are symbolized by maximum gold grade encountered in the hole.

The epithermal vein array at the Crane Creek Project is hosted in a package of Miocene sedimentary and volcanic rocks in a north-northwest-trending half-graben on the northern margin of the Western Snake River Plain. The veins occur within a system of west-dipping normal faults along the eastern margin of the half-graben, which extends southeast to GoldMining Inc's Almaden Project. Surface sample geochemistry demonstrates the epithermal alteration cell is at least 3 km in length and 1 km wide and extends over 1 km beyond the central area where historic drilling was concentrated. Veins outcropping at surface are up to 1.5 m wide with abundant opaline to chalcedonic silica fill which Headwater geologists interpret as representing high-level

vein fill, vertically above an interpreted epithermal boiling zone with excellent high-grade gold potential at depth.

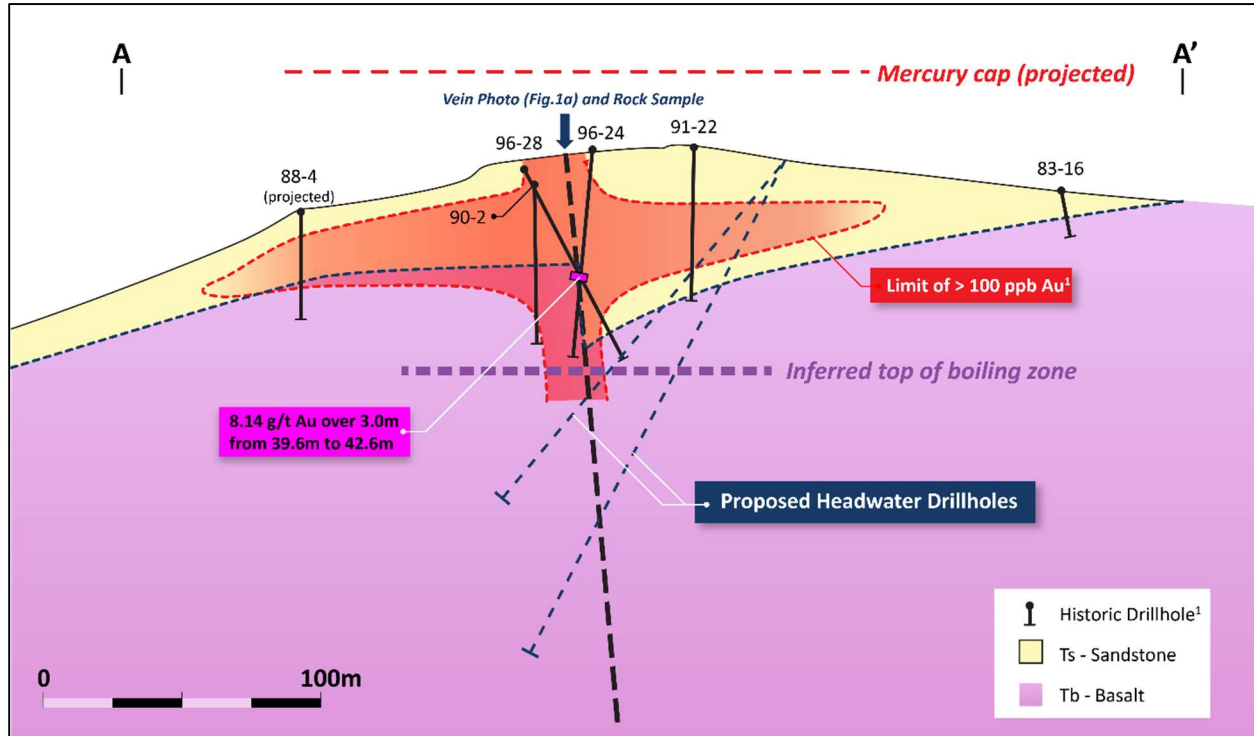


Figure 4: Interpretive geologic cross section showing historic drillholes in the central Consolidated Vein target area¹ with proposed Headwater drill holes.

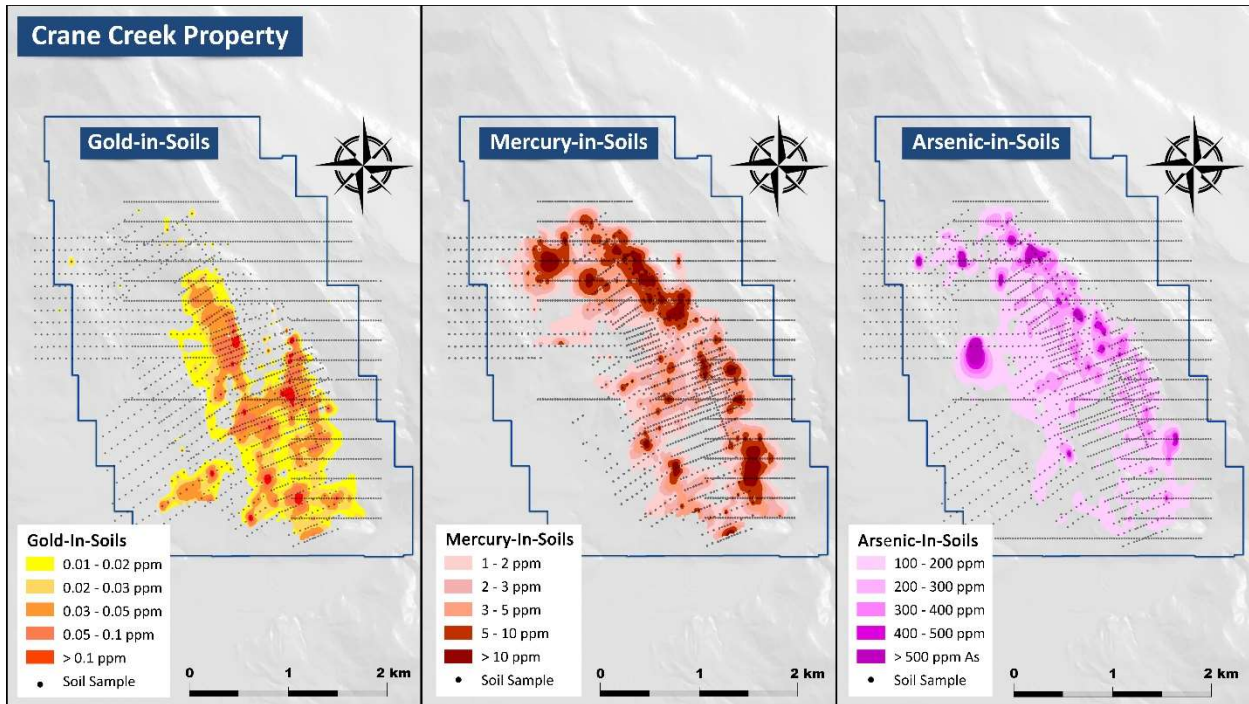


Figure 5: Contoured historic soil sample geochemical data demonstrates the magnitude and scale of the alteration footprint at Crane Creek.

Several campaigns of historic drilling took place on the Property between 1984 and 1996 consisting of mainly shallow reverse-circulation holes with an average depth of 71 m and only three holes greater than 150 m in depth¹. Most holes targeted bulk-tonnage, disseminated mineralization in a package of near-surface sedimentary rocks and were terminated shortly after intercepting and underlying basalt unit. A significant number of holes encountered mineralized quartz veins ranging from 2.0 g/t Au up to 8.14 g/t Au that were apparently never followed up, within broader intervals of disseminated low-grade mineralization. The potential for basalt-hosted high-grade veins at depths of 100 m or more below the paleosurface, such as those occurring at the Midas and Fire Creek mines in northern Nevada, remains untested at the Project.

2022 Exploration Plan:

Headwater geologists are currently planning a first-pass drill program to be carried out in mid-2022 with the goal of testing the width and continuity of multiple quartz veins beneath the elevation of historic drilling, as well as testing several additional early-stage targets with limited or no historic drilling. The 2022 exploration program is also expected to include trenching, detailed geologic mapping, surface sampling, interpretation of airborne magnetic and radiometric surveys, and a detailed ground-based geophysical resistivity survey. Historic IP resistivity data in the Project area, although limited in resolution, indicate that resistivity may be an excellent tool for targeting high-angle structures which may represent mineralized feeders to the epithermal system.

Principal Terms of the Acquisition:

The majority of the Headwater Crane Creek Project was acquired through staking of unpatented mining claims on open ground and is 100% owned and royalty free. The remainder was acquired through a series of agreements further described below. Estimated annual holding costs for the consolidated Crane Creek package are approximately US \$28,000.

WDVAR Claims: A portion of the property, known as the WDVAR claims (Figure 3; Area 2), was acquired through the purchase of 21 unpatented mining claims from a number of private individuals for a one-time cash payment and the issuance of 200,000 Headwater common shares. The WDVAR claims are subject to a 1% NSR that can be purchased at any time for US \$1,000,000.

Private Lease: A 65 acre private fee land parcel adjacent to the WDVAR claims (Figure 3; Area 3) has been leased through an extendable 20 year mining lease with nominal annual payments, and is subject to a 2% NSR. The first 1% of this NSR can be purchased at any time for US \$1,000,000 and the remainder for an additional US \$2,000,000

State Lease: A 640 acre State owned section (Figure 3; Area 4) has been leased through the award of State Mineral Lease E500034. The lease term is 20 years and extendable, with nominal annual rent and annual minimum advanced royalty payments. The lease is subject to a 5% NSR.

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 actively exploring 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

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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.

¹The 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, historical drill intercepts, and historical surface samples are treated by the Company as historical in nature, and not current or NI 43-101 compliant.

²Reported 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.

³GoldMining Inc. 2020 Almaden NI43-101 Technical Report (<https://www.sedar.com>)

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.