

Headwater Intercepts High-Grade Gold in First Drill Hole at Katey Project - 14.54 Metres at 4.86 g/t Au, Including 23.6 g/t Au Over 1.95 Metres

Vancouver, British Columbia, February 10, 2022: Headwater Gold Inc. (CSE: HWG) (OTCQB: HWAUF) (the "Company" or "Headwater") is pleased to announce assay results from its maiden core drill program on the 100% owned and royalty-free Katey gold project.

Highlights:

- Hole KT21-01 intersected 14.54 metres at 4.86 g/t Au, including an interval of 23.6 g/t Au over 1.95 metres;
- The KT21-01 intercept lies directly below a zone of low-grade near surface gold intersected in historic drilling and is interpreted as representing a high-grade feeder structure to the system;
- The mineralized structure encountered in KT21-01 is open along strike and at depth;
- A follow-up program including offset diamond core holes and a ground-based resistivity geophysical survey is currently being planned; and,
- The 100% owned and royalty-free Katey Project has many priority targets that remain to be drill tested with favourable epithermal alteration extending over several kilometres.

Caleb Stroup, Headwater's President and CEO, states: *"We are extremely pleased to announce the high-grade drill intercept in the first drill hole at Katey, and we believe these results represent a significant achievement for the Company. The 2021 Katey drill program was designed to specifically target high-grade feeders to this well-preserved epithermal system, and initial indications suggest we are on to a significant structurally controlled feeder zone which remains open along strike and at depth. Although the Katey program was limited to an initial 537 metres of scout drilling in two holes, the results demonstrate the potential of the Project and we are very excited about the next phase of drilling. These results are the culmination of a very active and very successful first six months as a public company where, in addition to our success at Katey, we made a significant new discovery on our Spring Peak project and announced the acquisitions of the Midas North and Crane Creek projects; both of which represent high-upside exploration opportunities"*.

Table 1: Drill results from the Katey Project¹

Hole ID	From (m)	To (m)	Interval (m)	Gold Grade (g/t)	Az (deg)	Inc (deg)	TD (m)	Comments
KT21-01	98.39	112.93	14.54	4.86	90	-45	259.38	Highest individual sample 28.18 g/t Au over 1.04 m
<i>including</i>	109.88	111.83	1.95	23.6				
KT21-02	<i>No significant intercepts</i>				70	-45	277.98	Highest individual sample 0.61 g/t Au over 0.91 m



Figure 1: Looking northeast at diamond core rig drilling hole KT21-01 beneath strongly silicified sandstone in the Katey West Zone. The hole was drilled at a -45 degree inclination and encountered high-grade mineralization in a feeder zone directly beneath the resistant outcrop.

About the Katey Project:

The Katey Project is located in southeastern Oregon, approximately 50 km northwest of Integra Resources' (TSX: ITR) DeLamar deposit and 30 km southeast of Paramount Gold Nevada's (NYSE: PZG) Grassy Mountain development project. The Project was identified by Headwater geologists and acquired through claim staking on BLM land and is 100% owned and royalty free. Gold mineralization on the Property is associated with regional mid-Miocene bimodal volcanism and extensional faulting related to Yellowstone Hotspot volcanism. The Property sits along the margin of the Three Fingers Caldera and is bisected by several caldera-related ring fractures, which are interpreted to have served as fluid conduits, localizing alteration and mineralization. Compilation of limited historic exploration data, as well as a drone magnetic survey, geologic mapping, and soil and rock sampling completed by Headwater resulted in the development of two principal target areas on the Property, referred to as the East Zone and West Zone.

2021 Katey Drill Program:

Limited historic drilling completed in 1988-1990 reportedly returned multiple zones of anomalous gold mineralization within 100 metres of surface but did not test the potential for high-grade epithermal mineralization at depth². Headwater's 2021 scout drilling tested targets in the East

and West Zones with an initial two drill hole program totalling 537 metres. Drilling reached vertical depths of approximately 200 metres, targeting high-grade precious metals in the inferred epithermal boiling zone. No historic drilling penetrated to these depths at Katey.

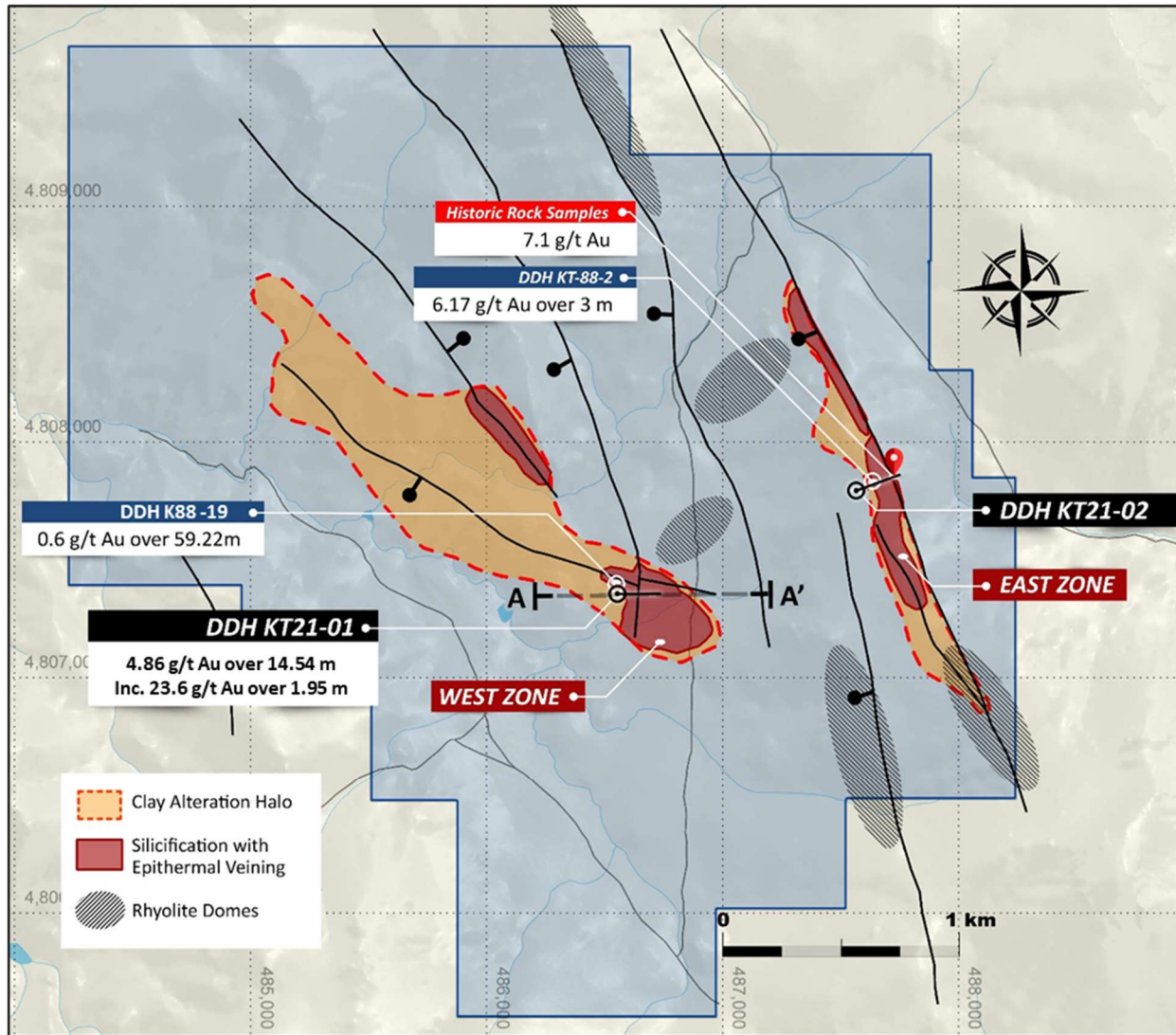


Figure 2: Primary targets at the Katey Project, key geologic features, select historic drilling² and location of cross section shown in Figure 3.

At the Katey West Zone (Figure 2) hole KT21-01 drilled across a broad interval of strongly clay altered and pervasively oxidized rhyolite from surface to a depth of approximately 135 metres. Assays from the core through this altered interval returned 14.54 metres grading 4.86 g/t Au, including 23.6 g/t Au over 1.95 metres which occurred in a zone of intense hydrothermal brecciation, with fragments of quartz vein material and cross cutting steeply dipping quartz-carbonate veins. Headwater geologists believe that this mineralization occurs within a steeply dipping, north-northwest striking fault zone which represents a feeder structure to the lower-grade mineralization encountered in shallow historic drilling vertically above the KT21-01 intercept (Figure 3). Mineralization in the West zone remains open along strike to the north and south, as well as down dip.

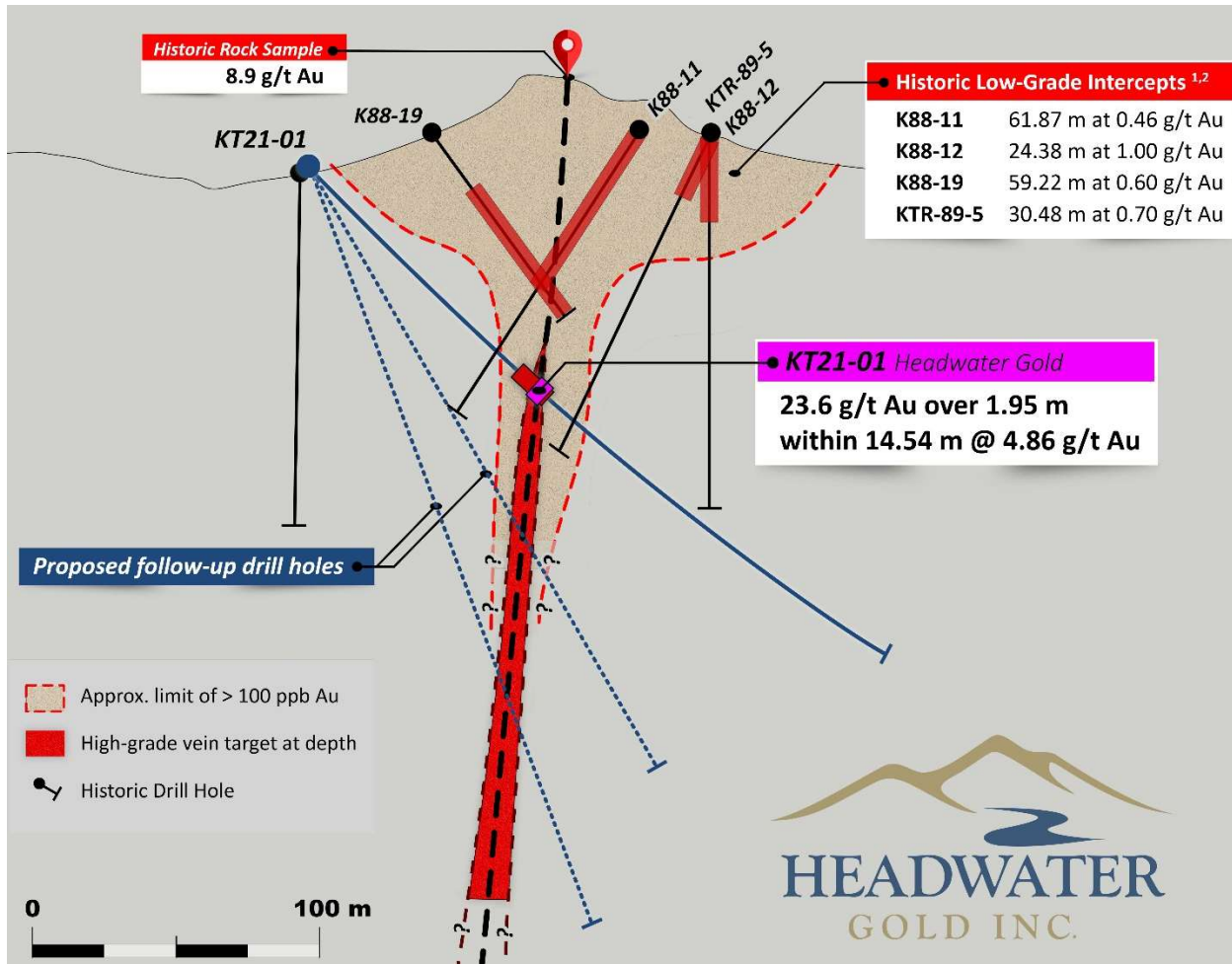


Figure 3: Interpretive geologic cross section showing historic drillholes in the West Zone target area¹ with the location of drill hole KT21-01 and proposed future Headwater drill holes.

At the Katey East Zone, drill hole KT21-02 encountered intense silicification and disseminated sulfides from approximately 179 to 200 metres associated with a rhyolite dike swarm beneath mineralized rhyolite flow domes mapped at surface. Anomalous gold values were present in multiple zones in the hole as well as several zone of highly anomalous pathfinder geochemistry associated with strong epithermal alteration. Headwater geologists are currently evaluating the new information acquired in hole KT21-02 to refine the targeting model in the East Zone in preparation for additional drilling.

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

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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.

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. Reported mineralized intervals correspond to downhole thickness, with insufficient information available to calculate true thickness.

²The 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 drill intercepts and surface samples are treated by the Company as historical in nature, and not current or NI 43-101 compliant.

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.