

Headwater Gold Reports High-Grade Gold from Multiple Veins in Initial Assays from Drill Hole SP22-13, Spring Peak Project, Nevada

Vancouver, British Columbia, January 9, 2023: Headwater Gold Inc. (CSE: HWG) (OTCQB: HWAUF) (the "Company" or "Headwater") is pleased to report initial assay results from the core completion of drill hole SP22-13 from its Spring Peak project, located in Nevada, USA. The completion of the 2022 drill campaign at Spring Peak was announced on December 7, 2022.

Highlights

- Drill hole SP22-13 intersected two individual veins which assayed 15.92 grams per tonne gold ("g/t Au") over 2.38 metres ("m") and 10.43 g/t Au over 2.01 m respectively. The highest individual assay returned 69.6 g/t Au over 0.34 m. These intervals are part of a broader zone which assayed 2.73 g/t Au over 34.72 m;
- Initial assays confirm the presence of high-grade gold in banded epithermal veins in the Disco Zone which was discovered by Headwater scout drilling in November 2021;
- These results are the first and only batch of assays received to date from Headwater's 2022 Spring Peak drill program. Results from the remainder of the 2022 program, which totalled 3,173 m, are expected in Q1 2023;
- The Spring Peak drill program was 100% funded by Newcrest Mining Limited ("Newcrest") pursuant to the earn-in agreements announced on August 16, 2022; and
- A more extensive follow-up drilling program to define the lateral and down dip extents of the vein system is currently being planned.



Figure 1: 3D image of ginguero banded quartz vein from the Disco Zone intersected in drill hole SP22-13. Core is HQ size. The pictured vein forms the central portion of the vein interval which assayed 15.92 g/t Au over 2.38 m from 275.26 m to 277.64 m. The right half of the interval shown assayed 69.6 g/t Au over 0.34 m, which is the highest individual assay received from the Spring Peak project to date. Full resolution video is available [here](#).

Caleb Stroup, the President and CEO of the Company, states: “We are very pleased to announce these initial high-grade assays from the 2022 Spring Peak drill campaign. Proving the presence of high-grade banded epithermal veins below a barren sinter cap is a significant milestone for the Spring Peak project and for Headwater. These high-grade intercepts further support the geologic similarity of Spring Peak to Hecla’s nearby past producing Aurora mine complex and highlight the exploration potential of the Project. We are eagerly awaiting the remainder of the assays, including final silver assays, but the initial SP22-13 results are particularly exciting because they demonstrate the high-grade potential of the Disco Zone. A more extensive follow-up drilling program to define the lateral and down dip extents of the vein system is currently being planned. The remaining pending assays, including assays from the RC pre-collar of SP22-13 (surface to 231.65 m), will shed further light on the character and grade of the vein zone up dip, where we only have a single RC intercept from 2021. Also pending are assays from multiple new target zones which were tested in 2022 throughout the Spring Peak property where we believe there is good potential for additional high-grade veins.”

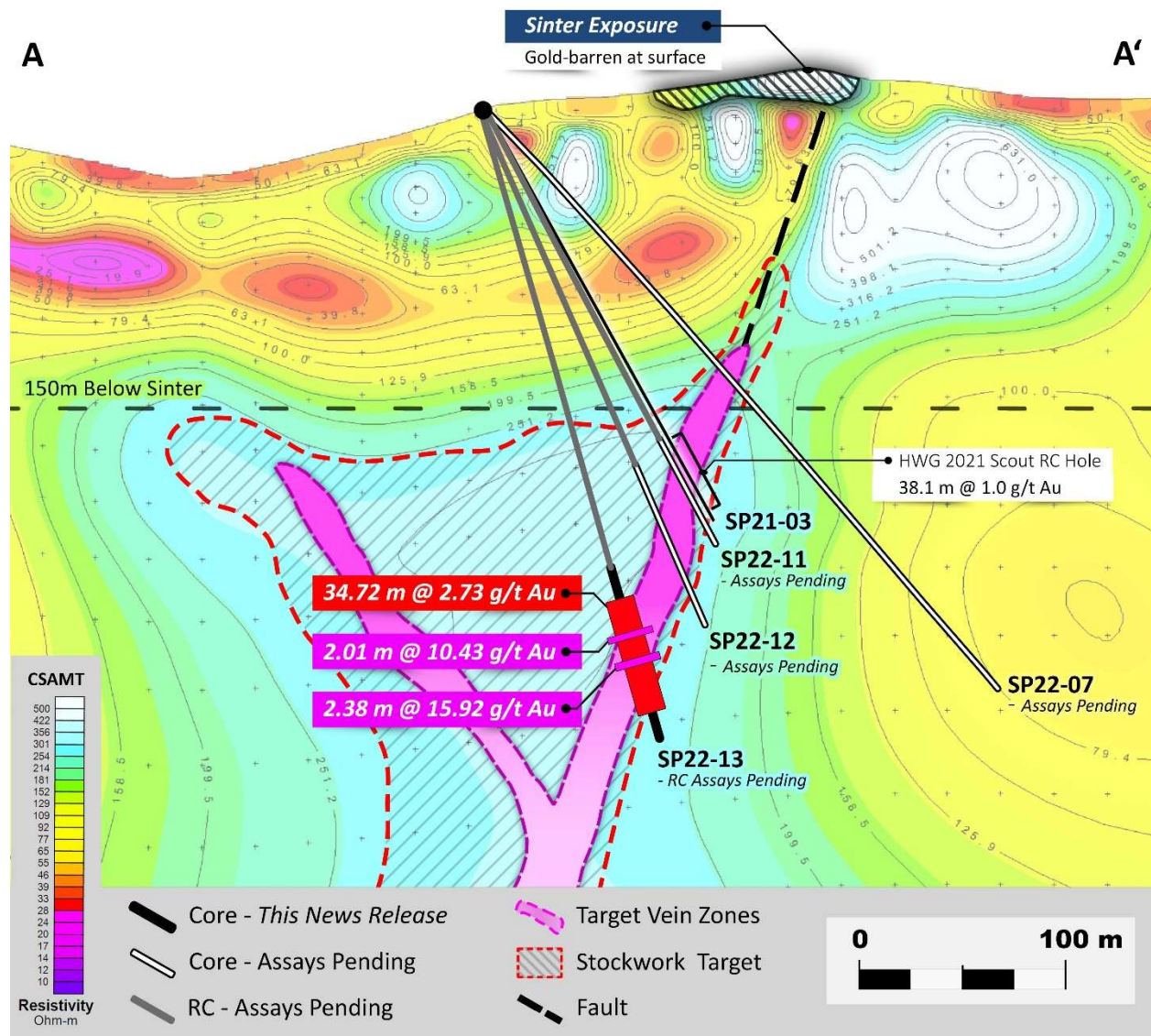


Figure 2: Interpretive geological and geophysical cross section A – A’ showing CSAMT resistivity, results for the core completion of drill hole SP22-13 and other drill holes with results pending.

Table 1: Drill Results from the Core Portion of Drill Hole SP22-13¹

Hole ID	From (m)	To (m)	Interval (m)	Gold Grade (g/t)	Silver Grade (g/t)	Az (deg)	Inc (deg)	TD (m)	Comments
SP22-13	256.12	290.84	34.72	2.73	<i>pending</i>				Highest individual sample 69.6 g/t Au over 0.34 m from 275.90 m to 276.73.
<i>including</i>	262.46	264.47	2.01	10.43	<i>pending</i>	335	-74	315.5	
<i>including</i>	275.26	277.64	2.38	15.92	<i>pending</i>				

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. True thickness of the mineralized intervals is estimated at approximately 60% of the reported downhole thickness.

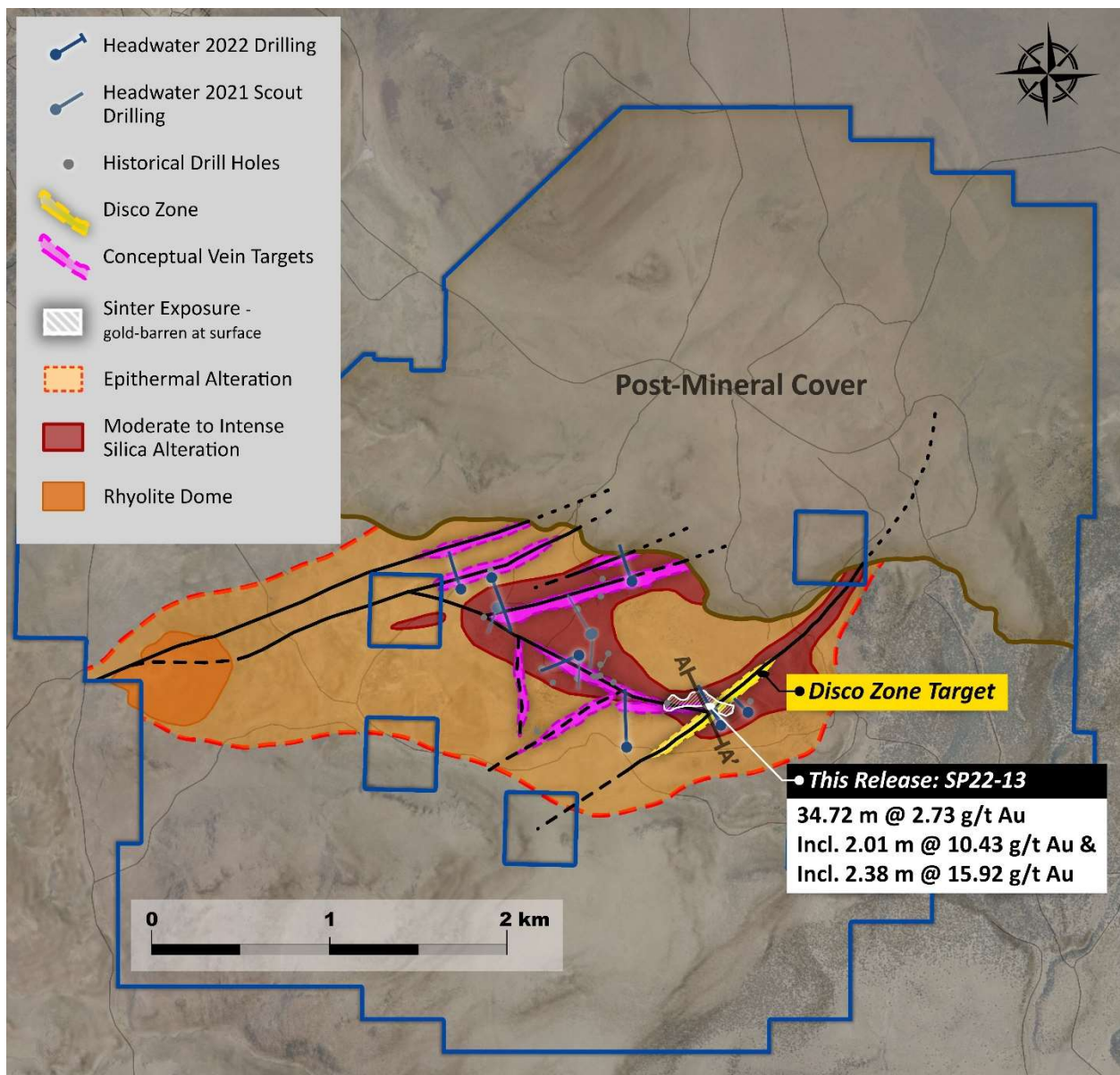


Figure 3: Spring Peak project land position, alteration footprint, and drill hole locations.

About the 2022 Spring Peak Drill Program:

The Company utilized a combination of core and RC drilling at Spring Peak to complete 3,173 metres of drilling prior to the winter shut-down. The program consisted of 993 metres of core drilling, 1,076 metres of RC pre-collars and 1,104 metres of RC exploration drilling.

The Disco Zone was the highest priority target of the program and was intersected with oriented diamond core in all four holes designed to test for high-grade veins. The four holes that intersected the Disco Zone were drilled on a single fence with mineralization open up-dip, down-dip and along strike. The Disco Zone occupies the footwall margin of a broad, northeast-striking fault zone that is oriented similarly to vein trends at the adjacent past producing Aurora mine complex.

An additional six drill holes tested a variety of targets at depths greater than 150 metres elsewhere on the property. All holes encountered epithermal alteration and veining, confirming that the epithermal system extends beneath silica alteration mapped at surface over a large area of the property. Assays from these new targets tested in 2022 remain outstanding.



Figure 4: Photos of two high-grade epithermal vein intervals intersected in SP22-13. The upper interval from 262.46 to 264.47 m (left) is dominated by opaque fine-grained silica and abundant bladed quartz after calcite. The lower interval from 275.26 to 277.64 m (right) exhibits abundant gray sulfide-rich ginguro bands, geopedal vein sediments, hydrothermal breccias with rounded vein and wallrock clasts in a silica-sulfide matrix.

Within the Disco Zone, hole SP22-13 intersected two discrete high-grade veins with textures indicative of boiling, including ginguro banding, silica replacement of lattice-bladed calcite and vein sediments. The high-grade veins are within a broader mineralized interval which contains additional veins and breccia intervals characterized by fine-grained silica-sulfide flooding and

argillic alteration. The opaque, fine-grained character of silica within the veins, along with the absence of coarse crystalline quartz textures, indicates that drilling may not have reached the base of the boiling horizon which is the epithermal zone typically associated with high-grade precious metals.

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 Company's (NYSE: HL) past producing Aurora Mine complex, where existing infrastructure includes a 350 ton per day mill, several production water wells and high-voltage three-phase power.

A large hydrothermal alteration cell occurs in the center of the Spring Peak project area, which represents a high-level manifestation 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 and displays various vent facies textures interpreted to reflect a high-energy hydrothermal vent environment.

Headwater holds an option to acquire a 100% undivided interest in the Spring Peak project from Orogen Royalties (TSXV: OGN), subject to retained royalties and subject to Newcrest's option to acquire 75% of the project following certain expenditures and preparation of a Pre-Feasibility Study within a designated timeframe.

About Headwater Gold:

Headwater Gold Inc. (CSE: HWG, OTCQB: HWAUF) is a technically-driven mineral exploration company focused on the exploration and discovery of 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 comprised 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 and in August 2022 announced a significant transaction with Newcrest Mining Limited where Newcrest acquired a 9.9% strategic equity interest in the Company and entered into earn-in agreements on four of Headwater's projects.

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 Scott Close, P. Geo (158157), 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, exploration activities and the specifications, targets, results, analyses, interpretations, benefits, costs and timing of them, Newcrest’s anticipated funding of the earn-in projects and the timing thereof, 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, risks related to the anticipated business plans and timing of future activities of the Company, including the Company’s exploration plans and the proposed expenditures for exploration work thereon, the ability of the Company to obtain sufficient financing to fund its business activities and plans, the risk that Newcrest will not elect to obtain any additional interest in the Projects in excess of the minimum commitment, the ability of the Company to obtain the required permits, 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.