

Headwater Gold Announces Drilling Plans for the Midas North Project, Nevada

Vancouver, British Columbia, April 20, 2023: Headwater Gold Inc. (CSE: HWG) (OTCQB: HWAUF) (the "Company" or "Headwater") is pleased to announce it has finalized drilling plans for the maiden drill program at the Midas North project, located directly north and adjacent to the historic high-grade Midas gold-silver mine now owned by Hecla Mining Company ("Hecla"). Headwater's maiden Midas North exploration drill program is fully funded by Newcrest Mining Limited ("Newcrest"), pursuant to the option and earn-in agreement announced on August 16, 2022.

Highlights:

- Multiple priority drill targets have been identified within the multi-kilometre epithermal alteration footprint at Midas North;
- Drill plans have been finalized with Newcrest for a two-rig maiden drill program projected to consist of up to an initial 3,000 metres;
- Drill permits have been received and drilling is currently scheduled to commence in early June 2023;
- Recent geologic mapping and hyperspectral alteration mapping, combined with previously announced geophysics, have facilitated detailed targeting of potential mineralized feeder structures at depth;
- Headwater's drill program will represent the first-ever modern exploration drilling within the Midas North land position; and,
- In addition to Midas North, Headwater is finalizing plans for drill programs for the Spring Peak, Katey, and Mahogany projects. In total, the Company is expecting 5 to 6 drill rigs to be in operation across the Headwater portfolio during the summer drill season.

Caleb Stroup, the President and CEO of the Company, states: *"We are extremely excited about the upcoming drilling at Midas North which is located in a highly prospective region of Nevada that has a proven history of high-grade epithermal gold discoveries. Our team is confident that the Midas North project has the potential to yield a new discovery and we are committed to utilizing the very best exploration techniques to unlock its full potential. Through our partnership with Newcrest, we have compiled a comprehensive geologic and geophysical dataset that has allowed us to generate numerous high-priority drill targets. Headwater interprets Midas North to represent a fully preserved epithermal alteration cell with no known historic drilling completed on the project. This upcoming drill program presents Headwater shareholders with a rare opportunity to be the first to explore this portion of the Midas District, which hosts multiple past producing high-grade veins at the historic Midas Mine immediately to the south."*

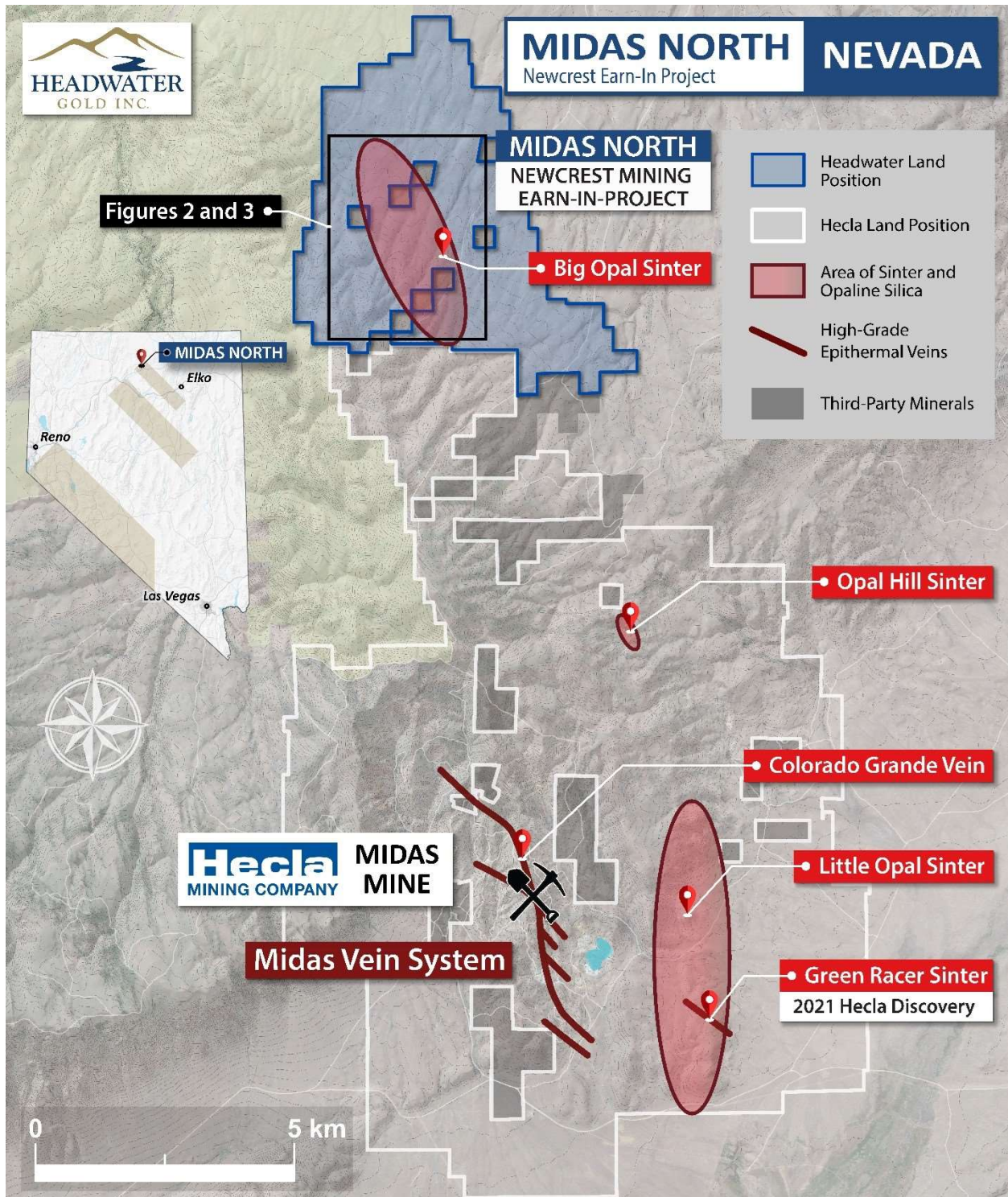


Figure 1: Map of the Midas high-grade vein district in northern Nevada. Headwater Gold's Midas North project adjoins Hecla's past producing Midas Mine complex, encompassing another large epithermal alteration cell north along the trend of the Midas Mine.

Geologic and Hyperspectral Alteration Mapping:

A geologic mapping and alteration study was completed where structure, lithology, and alteration were mapped in the field and an airborne hyperspectral survey was used to classify clay alteration mineralogy. The results from the survey correlate very well with mapped silica alteration and structures which are often associated with gold-silver mineralisation at depth. Abundant kaolinite and alunite alteration overlies mapped structures along the Big Opal and Nevada Grande fault corridors (Figure 2) with the most intense clay alteration occurring in the hanging wall of the Big Opal fault, surrounding the mapped extent of a true sinter exhibiting fossilized geyser vents. Kaolinite and supergene alunite are common minerals associated with steam-heated alteration in the upper portions of fully preserved epithermal systems and often serve as indicators for potential mineralized feeder structures at depth. Shallow post-mineral gravel cover in the northern half of the project area limits the effectiveness of surface mapping but provides additional exploration upside under cover.

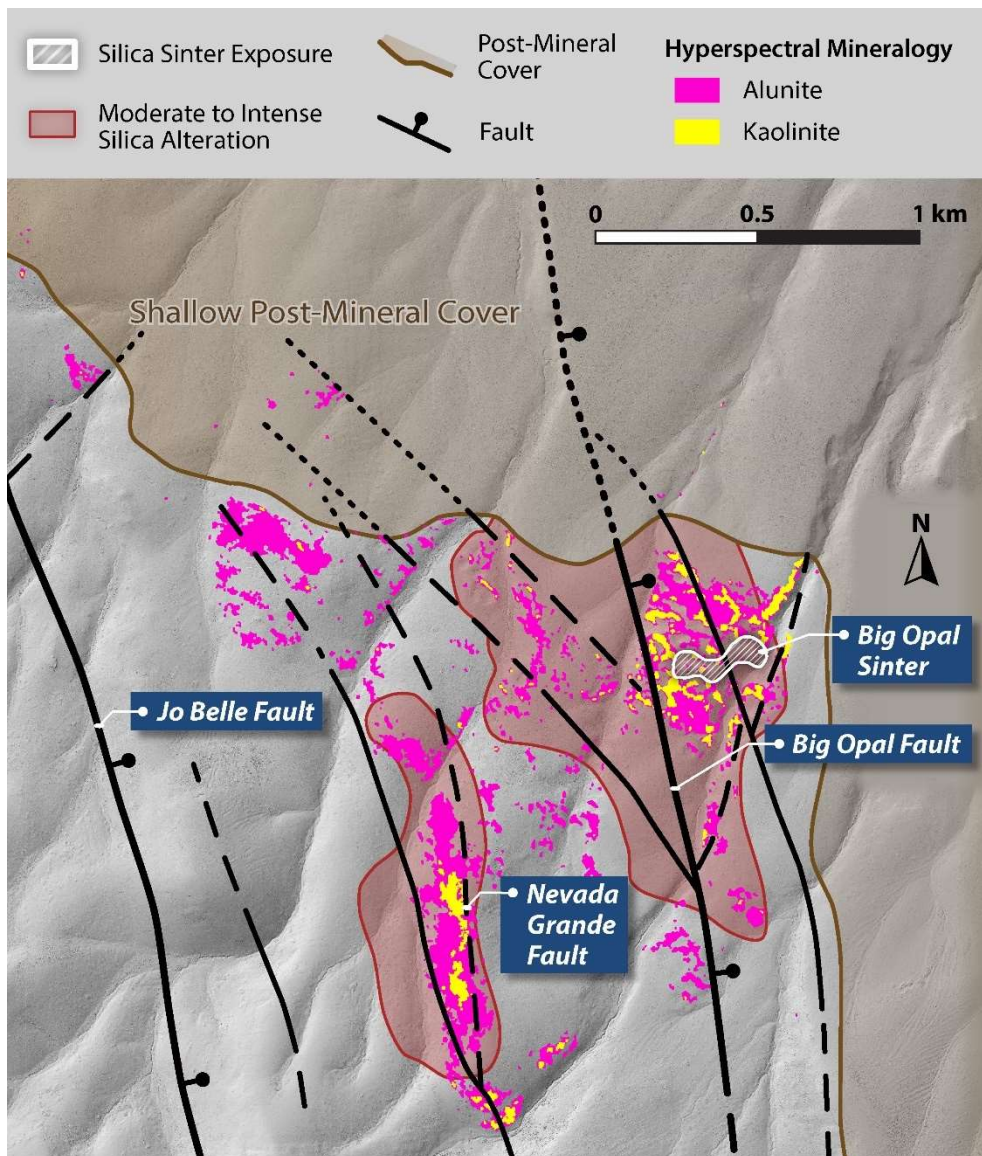


Figure 2: Hyperspectral mineralogy map highlighting zones of abundant alunite and kaolinite alteration relative to mapped silica alteration and faults.

Midas North Drill Targets:

Final drill target selection at Midas North (Figure 3) has been completed by synthesizing detailed geological mapping, hyperspectral alteration mapping and multiple geophysical datasets. Multiple faults associated with mapped alteration bisect the Midas North property and will be tested for high-grade epithermal mineralization in the epithermal boiling zone at depth. These structures have been identified through a combination of geologic mapping and interpretation of controlled-source audio-frequency magnetotelluric (“CSAMT”) resistivity geophysics. Individual drill targets were ranked using multiple criteria including alteration intensity, structural complexity, pathfinder element geochemistry and geophysical characteristics. Three primary fault corridors will be targeted in the 2023 drilling, with an initial focus in the Big Opal sinter area where a structurally-controlled high-resistivity feature underlies silica sinter and is surrounded by intense alunite and kaolinite alteration (Figures 2, 3, and 4).

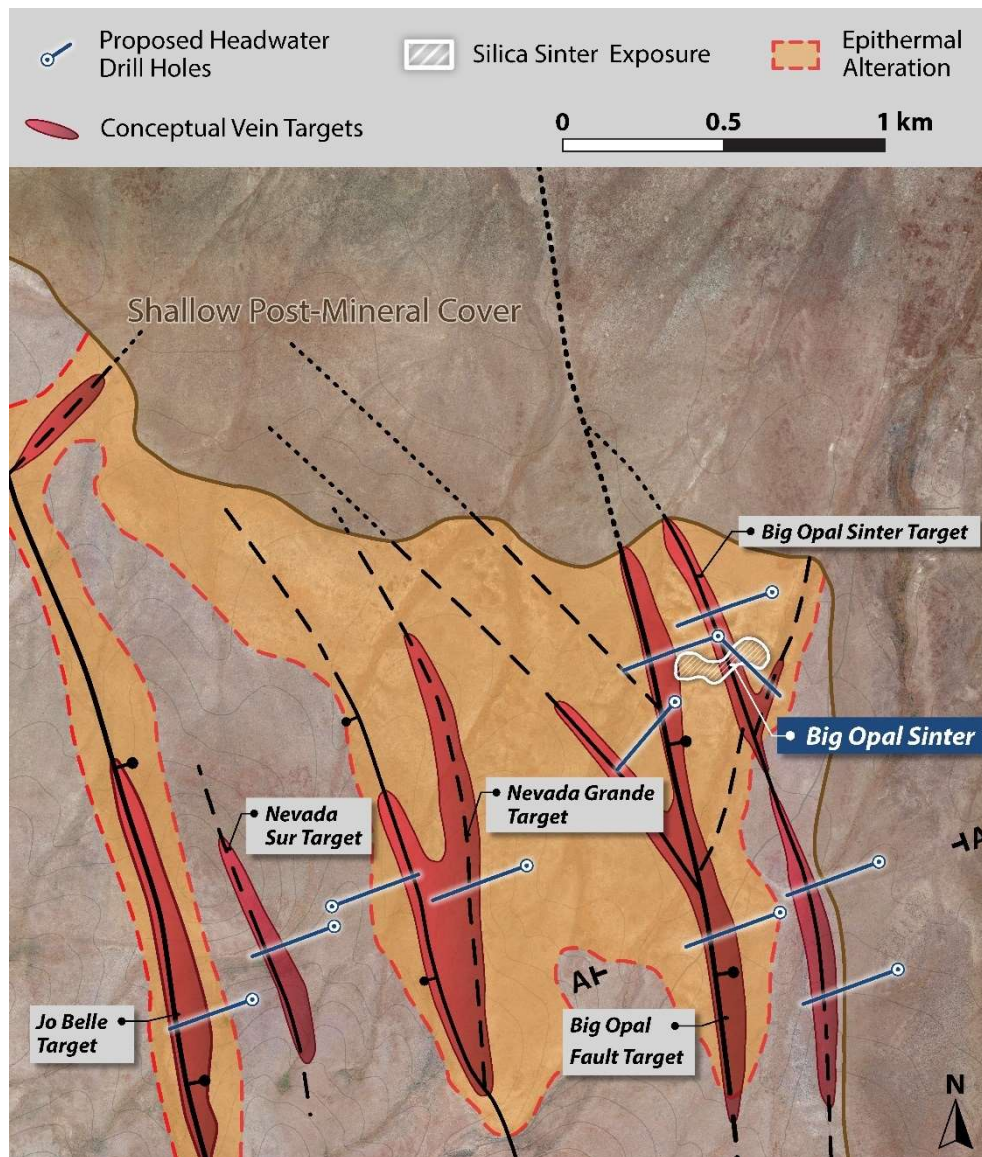


Figure 3: Drill targets and planned drill holes for the maiden drill program at Midas North which is interpreted to represent a fully preserved epithermal system. Section A-A' corresponds to Figure 4.

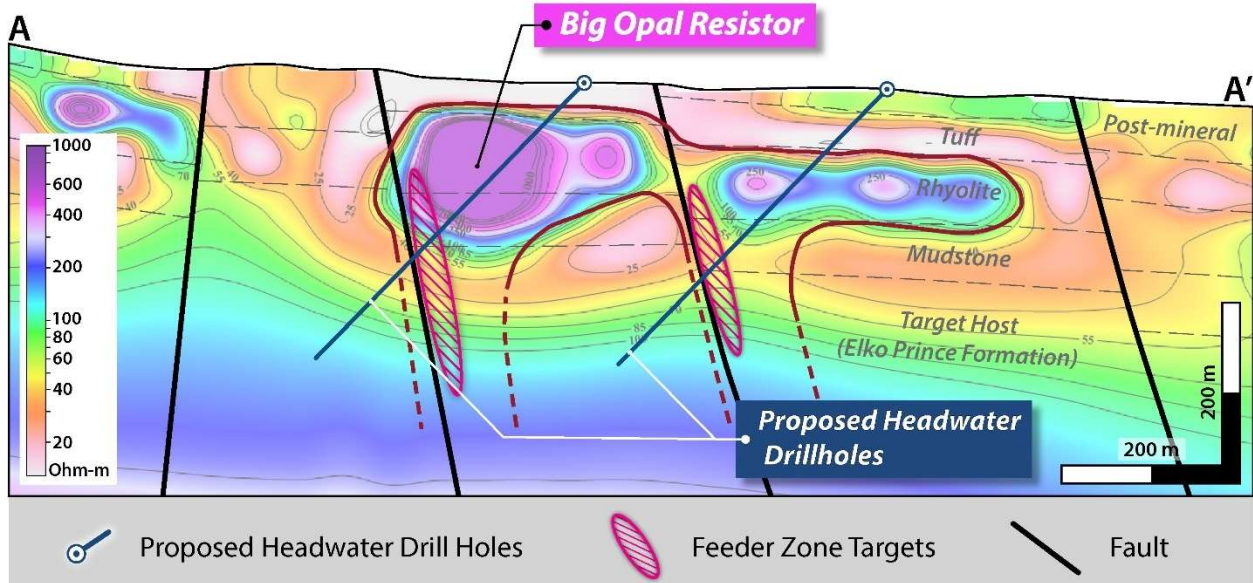


Figure 4: Interpretive cross section through section A-A' with CSAMT geophysics apparent resistivity profile, modelled geology and planned drill holes.

The Big Opal resistivity anomaly (see news release dated January 23, 2023) underlies the length of the Big Opal fault corridor and is interpreted by Headwater geologists to represent a broad area of intense silicification, potentially relating to epithermal feeders at depth. Two main high-angle faults appear to cut this resistivity feature (Figure 4) and represent the primary feeder targets that the Company intends to drill test within the projected epithermal boiling zone at approximately 200 metres vertical depth.

Detailed geological mapping in the Big Opal area has identified a large area of silica sinter with a number of diagnostic silica sinter features including silicified microbial mats, reed casts and geyser vents. This sinter is surrounded by multiple crater-shaped closed depressions approximately 50 metres in diameter and 5 metres in depth containing opaline silica and recessive clay alteration. Headwater geologists interpret these craters as large epithermal collapse structures, analogous in form to similar structures found in modern geothermal systems, including the Champagne Pool hot spring in New Zealand (Figure 5). Champagne Pool is particularly a well-studied active geothermal system that serves as a global analog for fossil geothermal systems. Direct comparison of the sinter characteristics, geothermal features and footprints of both areas suggests the Big Opal sinter area alteration was developed as the result of a high-energy geothermal system which vented to surface and implies potential for mineralized feeder structures at depth immediately below this alteration.

2023 Drill Program:

A multi-rig, mixed reverse circulation and diamond core drill program has been planned and is currently scheduled to commence in June, 2023. Authorization for drilling has been granted by the Bureau of Land Management and drill contracts are in place. The initial Midas North drilling is projected to consist of an initial 8 to 12 holes with drill depths ranging from 250 metres to 400 metres. This program will represent the first known exploration drilling campaign within the Midas North land position.



Figure 5: Comparison of sinter and geothermal (hot-spring-related) features at Midas North (top) and Champagne Pool, New Zealand (bottom). Champagne Pool is a globally recognized modern analog for low-sulfidation epithermal systems. Photos demonstrate the comparable sinter characteristics, collapse structures and the relative scale of the two systems, which indicates the potential for Midas North to represent a robust and fully preserved epithermal system.

About the Midas North Project:

Headwater's 100% owned and royalty-free Midas North project adjoins Hecla Mining Company's (NYSE: HL) Midas Mine complex and covers a large hydrothermal alteration cell, extending at least 4 kilometres in strike and 1 kilometre in width. Rock chip and stream sediment samples collected by the Company from the project area have highlighted several priority areas of anomalous precious metal values with highly anomalous values of epithermal pathfinder elements (see Headwater news release dated October 4, 2021). Extensive epithermal alteration exists on the project, including widespread zones of high-level chalcedonic to opaline silica flooding, clay alteration and local sinter formation, including fossilized geyser vents. The project has seen very limited historic exploration with no documented exploration drilling. The Company believes the project has potential for epithermal mineralization at depth.

Option and Earn-in Agreement with Newcrest:

Newcrest will sole fund a firm minimum commitment of US\$2,000,000 in exploration expenditures on the Midas North project or pay the difference to Headwater.

During the staged earn-in phase, Newcrest has the right to earn up to an initial 65% interest in the Midas North project by sole funding exploration expenditures (inclusive of the minimum commitment) of US\$30,000,000 over a 6-year period.

Newcrest retains the further right to earn an additional 10% interest in the project (for a total interest of 75%) by ceding a 2% net smelter return royalty to Headwater subject to certain partial buydown rights and completing a Pre-Feasibility Study, solely funded by Newcrest and which includes a minimum 1.5 million ounce gold or gold-equivalent resource within an additional 24-month period.

The Midas North project is one of four Headwater projects under option and earn-in agreements with Newcrest (see news release dated August 16, 2022 for information on all Newcrest option and earn-in agreements).

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 option and 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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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.