

Headwater Gold Commences Drilling on Its 100% Owned Katey Gold Project

Vancouver, British Columbia, July 24, 2023: Headwater Gold Inc. (CSE: HWG) (OTCQB: HWAUF) (the "Company" or "Headwater") is pleased to announce the commencement of drilling at the 100% owned Katey project. The program is designed to follow-up on Headwater's previous discovery of high-grade epithermal mineralization in an interpreted feeder structure at the West Zone (see Headwater news release dated February 10, 2022).

Highlights:

- Drilling has commenced on multiple high-priority targets focused on exploring the extensions of the high-grade mineralized structure encountered in drill hole KT21-01 (6.34 grams per tonne gold ("g/t Au") over 14.54 metres, including 30.73 g/t Au over 1.95 metres);
- Approximately 3,500 m of drilling is planned, utilizing two drill rigs and a combination of reverse circulation ("RC") and core drilling, over approximately 10 to 12 holes;
- Katey is one of three currently active drill programs in the Headwater portfolio, with five drill rigs now deployed in the western USA;
- The goals of the drill program are to:
 - Further explore the area of high-grade epithermal mineralization discovered in Headwater's 2021 drilling at the West Zone;
 - Test the depth extent of high-grade mineralization down dip from Headwater drill hole KT21-01;
 - Systematically test an approximately 600 m strike segment of the West Zone Fault; and,
 - Drill several follow-up scout holes below soil anomalies along the projection of the West Zone fault to the north and south (see Headwater New Release dated March 2, 2023).

Caleb Stroup, the President and CEO of the Company, states: *"The entire Headwater team is very excited to kick off our highest priority self-funded exploration initiative for 2023 at the 100% owned and royalty free Katey project. Company-wide, Headwater now has five drill rigs deployed across three different projects, which is a pace of exploration that we believe sets us apart from most of our peers. This drill program at Katey represents an extraordinary opportunity for our shareholders as we follow-up on the high-grade discovery from the Company's maiden drill program. Low-cost surface exploration conducted since announcing this discovery (6.34 g/t Au over 14.54 m, including 30.73 g/t Au over 1.95 m) suggests that the mineralized system potentially extends for a kilometre both to the north and to the south, and may continue under shallow cover beyond. This drill program will focus on drill testing the length of this mineralized trend and offsetting our previous intercept with multiple holes down dip in an attempt to add scale to a target we already know has high-grade gold."*

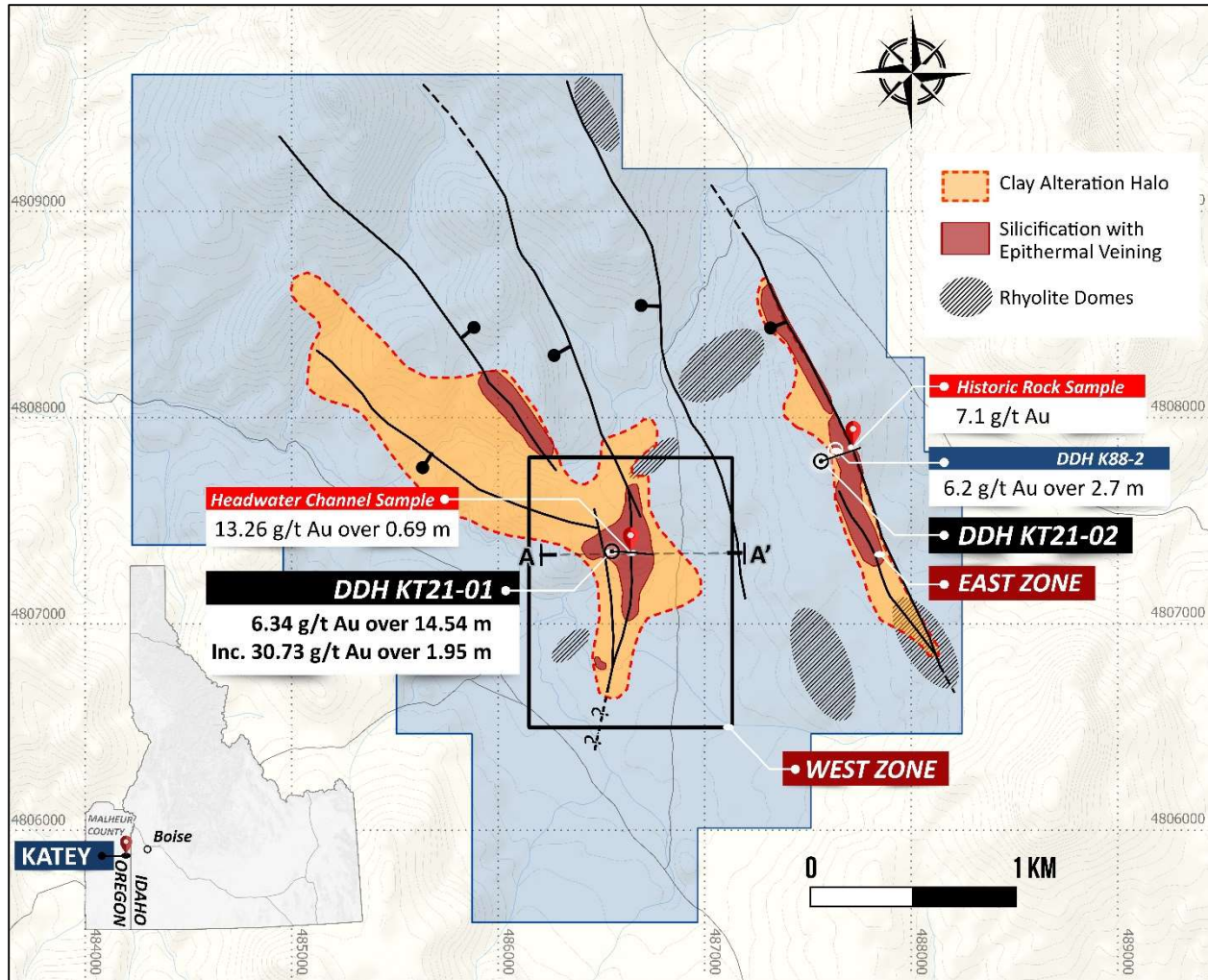


Figure 1. Key geologic features of the two main target areas at the Katey gold project and location of cross section shown in Figure 2. Inset box shows the location of Figure 3.

2023 Drill Program:

A multi-rig, mixed RC and diamond core drill program has commenced and is expected to consist of an initial 3,500 metres over an estimated 10 to 12 holes with potential to extend the program subject to positive results. Combining RC and core drilling is a cost-effective way to maximize the number of drill intersections and test the along-strike potential of the alteration system. Core drilling will be focused in the KT21-01 offset target area while RC will be utilized along the trace of the West Zone Fault where there is no historic drilling information.

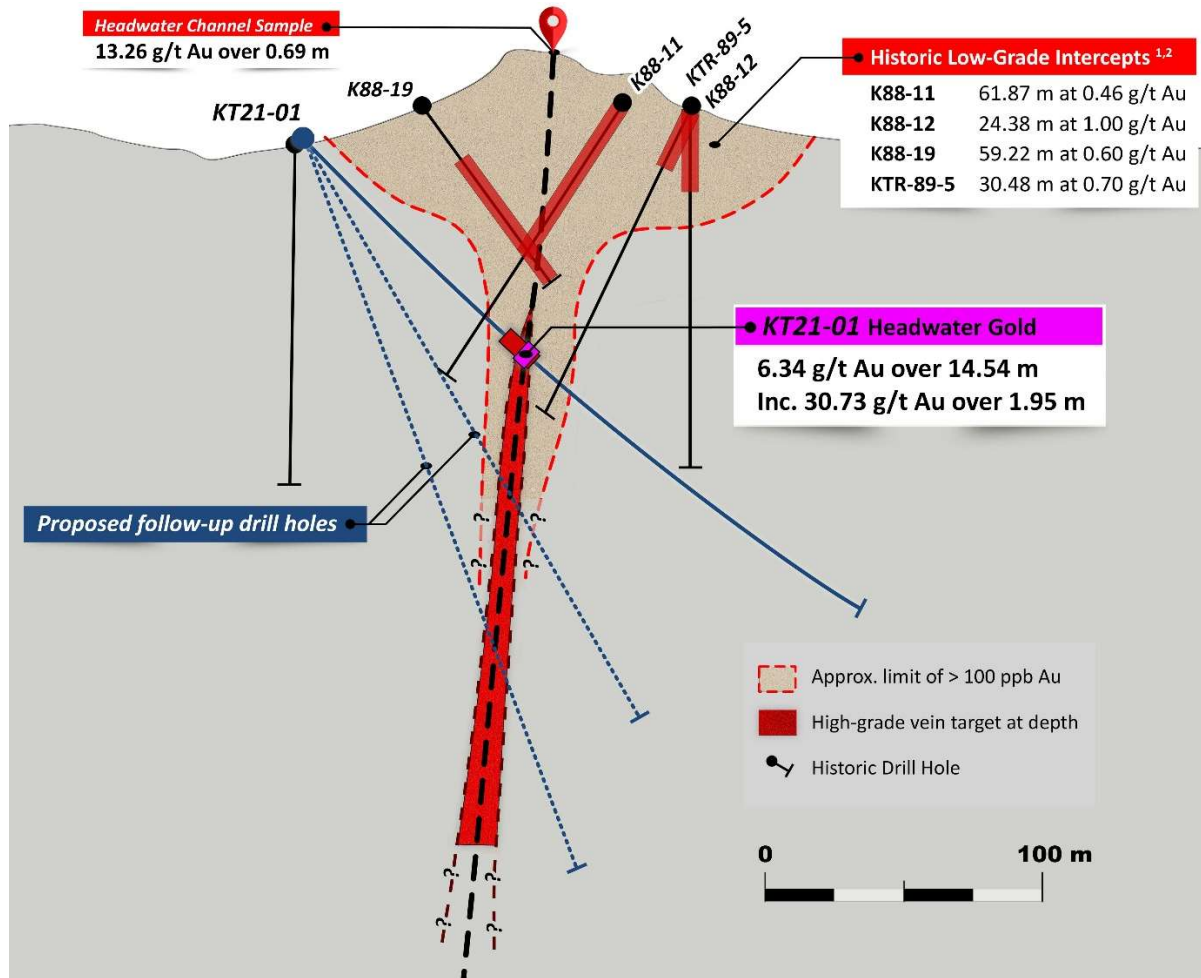


Figure 2: Interpretive geologic cross section showing historic drillholes in the West Zone target area, the location of drill hole KT21-01 and proposed Headwater drill holes.

Analysis of previous drilling and surface geological and geochemical data has resulted in the development of the following high-priority drill targets for the current year:

- **KT21-01 Offset Target:** Immediate offsets of the high-grade gold intercept encountered in diamond core hole KT21-01 (14.54 m grading 6.34 g/t Au, including 30.73 g/t Au over 1.95 m) are planned both down dip and along strike in approximate 50 m step-outs.
- **Northern Extension Target:** North of the strongly silicified outcrop where the West Zone Fault outcrops, the principal mineralized structure disappears under shallow cover but is traced by strongly anomalous auger soil samples and subsurface (auger hole) mapping, including strongly oxidized and silicified sandstone with quartz veining along the NNW trend of the West Zone Fault.
- **Upper Flats Target:** Planned holes in this area directly offset KT21-01 to the south and test the continuity of the main mineralized structure along strike (Figure 3). Anomalous soil geochemistry extends along the mapped trace of the West Zone Fault and includes values up to 135 ppb Au and up to 1890 ppb Ag (see news release dated February 10, 2022).

- ***Southern Extension Target:*** Geologic mapping completed with the aid of high-resolution drone imagery and subsurface auger mapping trace the West Zone Fault structural corridor through this area. Planned holes test this structural corridor and a splay off the West Zone Fault that correlates with anomalous soil and rock chip geochemistry.

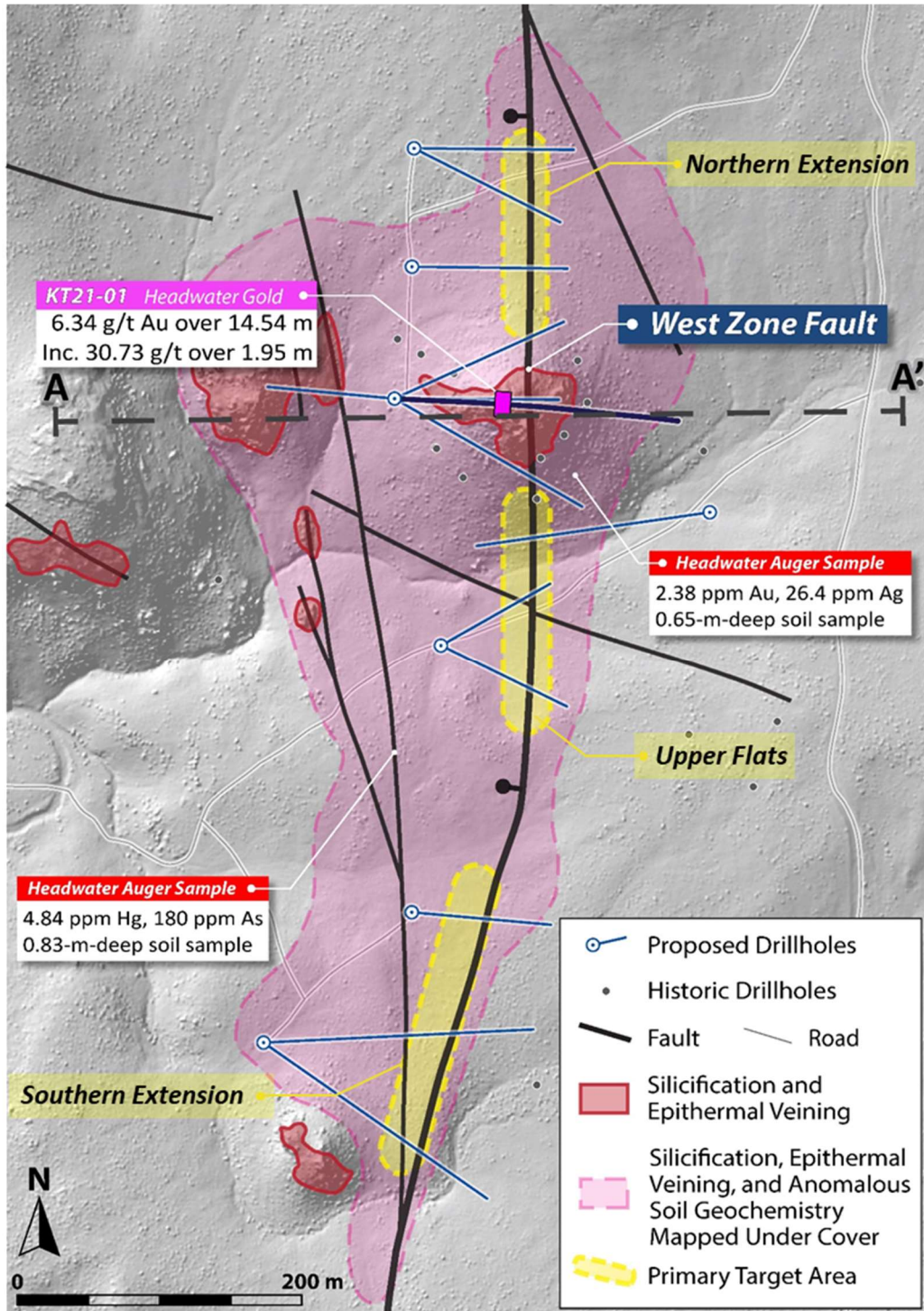


Figure 3: High-resolution drone digital surface model of the West Zone target area showing historic drilling, key geologic features, select auger soil samples and proposed Headwater drill holes.

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 the completion of a drone magnetic survey, geologic mapping and surface sampling resulted in the development of two principal target areas on the Property, referred to as the East Zone and West Zone.

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. In August 2022 and May 2023 Headwater announced transactions with Newcrest Mining Limited where Newcrest acquired a 9.9% strategic equity interest in the Company and entered into several option and earn-in agreements on Headwater's projects. The Company is currently drill testing several projects in Nevada and Oregon including planned programs of up to 11,500 metres at Spring Peak, 2,000 metres at Mahogany and 3,500 metres at Katey.

For more information, please visit the Company's website at www.headwatergold.com.

On Behalf of the Board of Directors

Caleb Stroup
President and CEO
+1 (775) 409-3197
cstroup@headwatergold.com

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.

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 option and 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 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.