

Headwater Gold Acquires the TJ Project in Elko County, Nevada

Vancouver, British Columbia, October 3, 2023: Headwater Gold Inc. (CSE: HWG) (OTCQB: HWAUF) (the "Company" or "Headwater") is pleased to announce the acquisition of the TJ epithermal gold-silver project (the "Property") located in Elko County, Nevada.

Highlights:

- Headwater has acquired the TJ project in northern Elko County, Nevada, totaling 775 hectares, through claim staking and an option to acquire a 100% interest in pre-existing claims from a private party.
- The Property contains a thick accumulation of silica sinter and opaline silica with indications of multiple generations of hydrothermal brecciation and veining.
- Shallow historic drilling encountered intense silicification with anomalous gold, silver, and epithermal pathfinder element geochemistry.
- Multiple property-scale faults bisect the high-level epithermal alteration and present compelling targets with anomalous gold at surface and potential to host high-grade epithermal veins at depth.
- A CSAMT geophysical survey, geologic mapping and soil sampling is planned to aid in refining high-priority drill targets.

Caleb Stroup, the President and CEO of the Company, states: *"We are very excited to add the TJ project to our portfolio of high-quality epithermal vein targets in Nevada. TJ meets all the criteria we look for in a compelling exploration opportunity, including a fully preserved epithermal alteration cell capped by a silica sinter. The TJ project has many geological similarities with Headwater's Spring Peak and Midas North projects, which are being actively drilled by the Company. None of the shallow historic drill holes on the TJ property penetrated to the projected boiling zone where high-grade gold mineralization tends to form. The anomalous gold, silver, and pathfinder element geochemistry in the historic dataset further demonstrates the potential to host high-grade veins at depth. Targeting work is currently under way to refine drill targets and advance the project to a drill stage."*

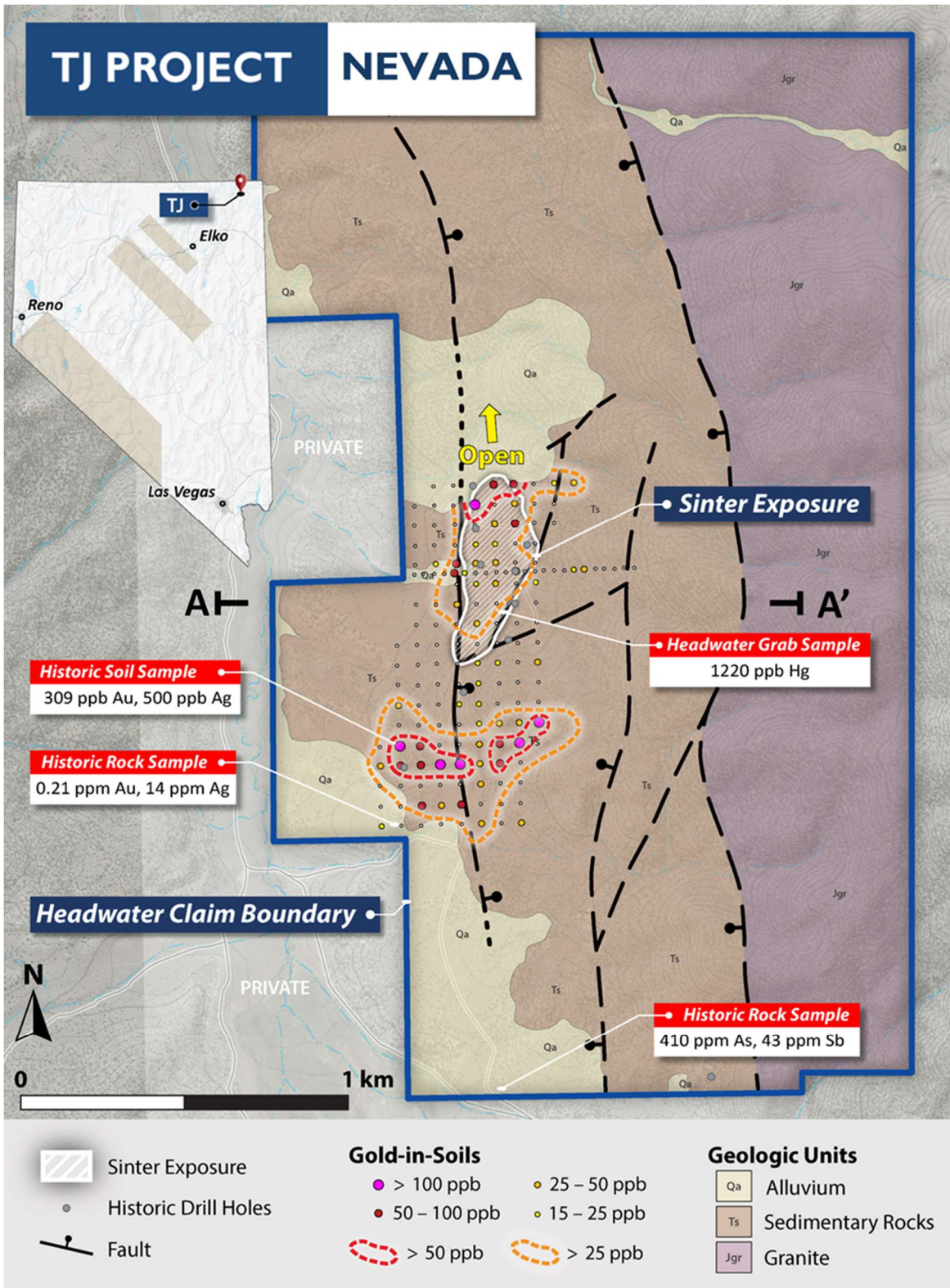


Figure 1. Simplified geologic map of the TJ project showing Headwater land position, silica sinter exposure, and historic soil samples.

About the TJ Project:

The TJ project consists of 103 claims totaling 775 hectares (Figure 1). The Project is located on BLM land in an underexplored area of northeastern Elko County, Nevada.

Indications of a fully preserved epithermal system at TJ include a thick and laterally extensive accumulation of silica sinter, and other alteration features (Figures 1, 2, and 3). Alteration is localized along a series of steeply inclined faults within a graben partially filled by silicified, Miocene-age sedimentary rocks (Figure 2). The graben is bounded and underlain by granitic basement rocks which also host gold mineralization.

Historic exploration at the Property consisted of limited geologic mapping, surface rock chip and soil sampling, various geophysical surveys, and several shallow Reverse Circulation (“RC”) holes. Significant gold and silver anomalies in historic soil samples include up to 679 ppb Au reported for a sample collected near the sinter exposure and 309 ppb Au in an area of anomalous soil geochemistry to the south (Figure 1). This area of anomalous soil geochemistry aligns with mapped north-trending faults along the main structural corridor and coincides with widespread silicification and clay alteration.

Shallow RC drilling on the Property by Kennecott and Challenger Gold between 1988 and 1992 tested for a shallow, near-surface bulk-tonnage type deposit. Historical drilling records are incomplete but indicate the majority of holes were vertical and drilled to depths of less than 150 metres. The deepest hole reported from the main sinter area ended approximately 150 metres vertically below the sinter and intercepted 38.1 metres of 0.1 g/t Au¹ (Figure 2). These historic results are only an indication of the potential for mineralization at depth, as they have not been verified by the Company.

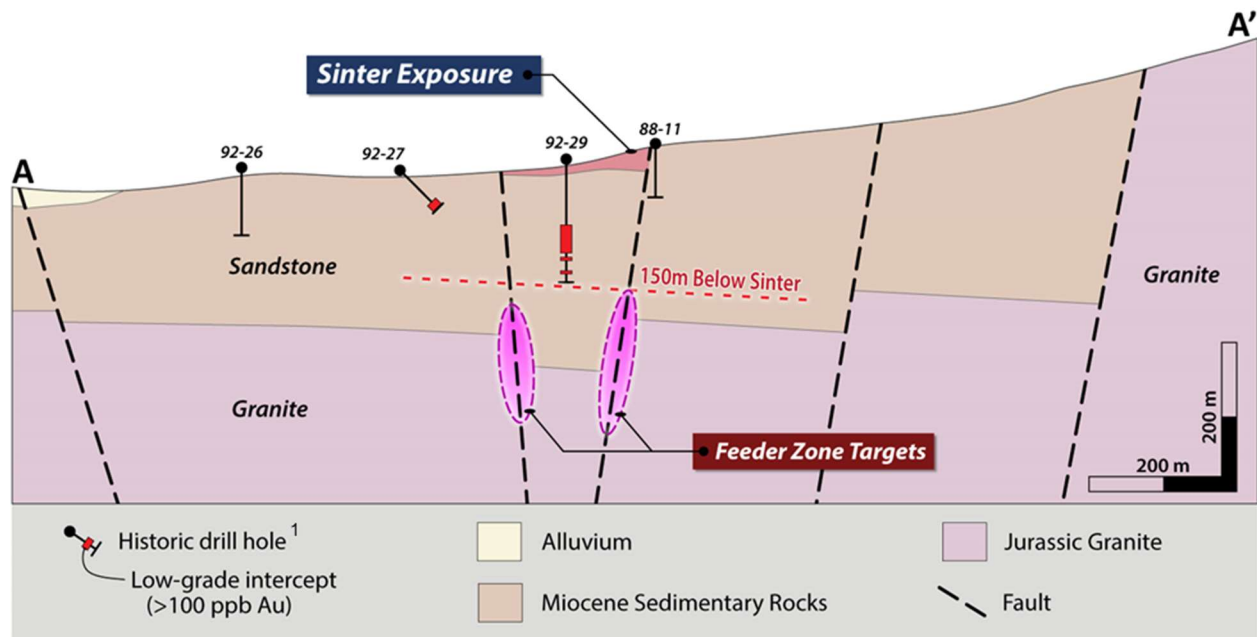


Figure 2. Schematic geologic cross section of main target area showing historic drill holes and conceptual vein targets beneath high-level epithermal alteration and sinter exposed at surface. See Figure 1 for section location.

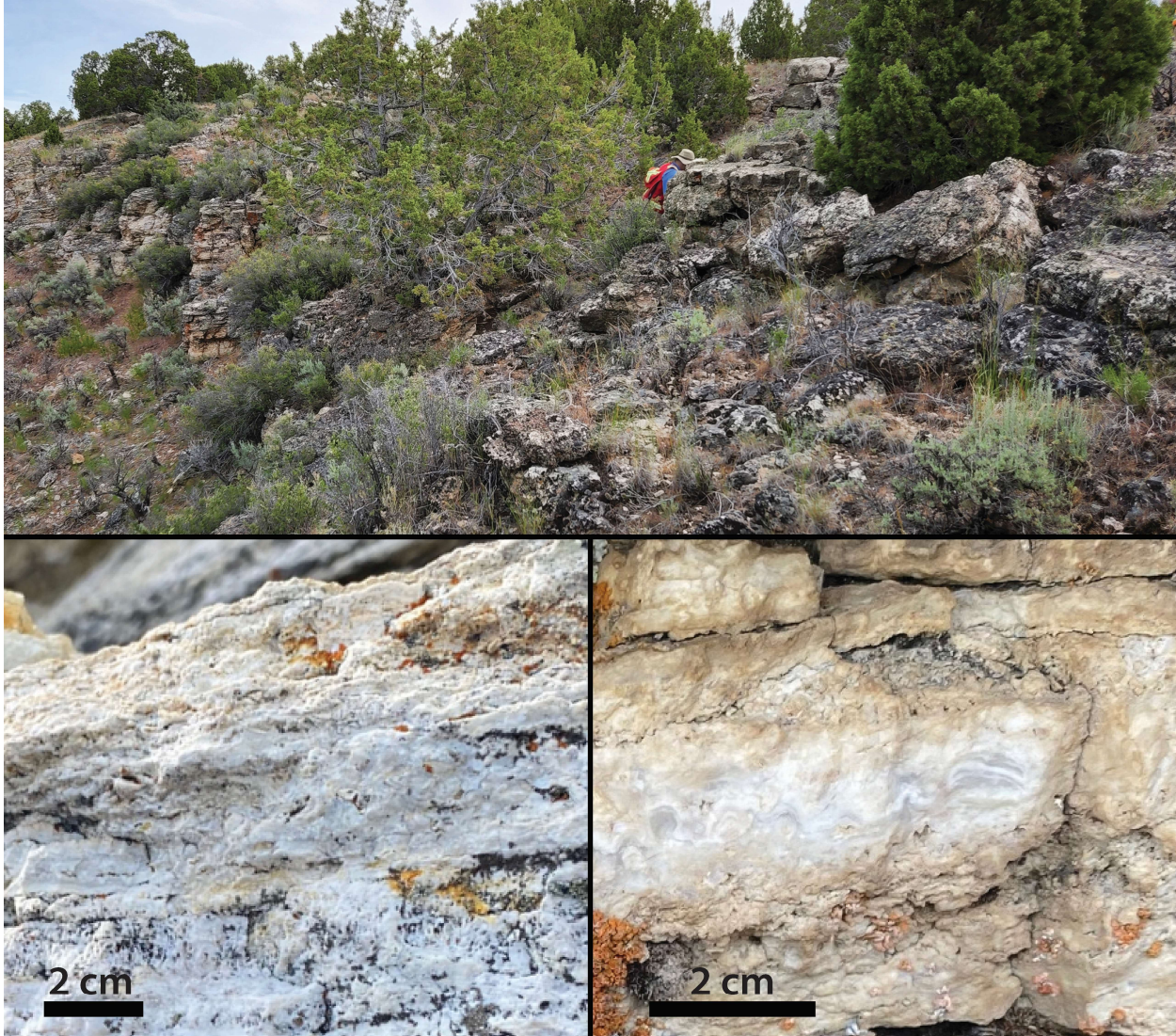


Figure 3. Top) Laminated silica sinter outcrop at TJ. Bottom left) Laminated silica sinter displaying palisade and clotted textures. Bottom right) Stratiform geysersite layer within the TJ silica sinter.

2023 Work Plan:

Headwater plans to employ an exploration strategy at TJ consistent with other early-stage projects in the Company's portfolio. Headwater geologists believe the relatively simple structural setting of the Property presents several potential targets for feeder structures which will be further refined using a combination of geologic mapping, surface geochemistry, and geophysics. The Company plans to complete a controlled-source audio-frequency magnetotelluric ("CSAMT") resistivity survey totaling 8 line-kilometres on 200 metre spaced profiles to estimate the depth to basement rock and identify high-resistivity targets at depth, which may correlate to structurally controlled zones of intense silicification and veining. In addition to the CSAMT survey, detailed geologic mapping and rock chip sampling will be completed to help vector within the alteration cell and potentially further expand the footprint of the system.

Acquisition Terms:

The TJ project consists of 90 unpatented mining claims staked by Headwater and 13 unpatented mining claims under option from a private arm's length party (the "Vendor Claims"). By making an initial cash payment of US\$15,000, escalating annual payments and a US\$250,000 work commitment over a two-year term, Headwater retains a 30-year right to purchase an undivided 100% interest in the Vendor Claims for a one-time payment of US\$1,500,000 inclusive of the annual minimum payments, subject to NSR royalties of 2.5% on the Vendor Claims and 1.5% applicable on claims within an area of interest. The Company may purchase 40% of the NSR for US\$2,000,000 at any time and an additional 40% of the NSR may be purchased for fair value within 90 days after completion of a NI 43-101 compliant pre-feasibility report.

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 of experienced geologists with diverse capital markets, junior and major mining company backgrounds. The Company is systematically drill testing several projects in Nevada, Idaho, and Oregon; and in August 2022 and May 2023 announced significant transactions with Newcrest Mining Limited where Newcrest acquired a 9.9% strategic equity interest in the Company and entered into earn-in agreements on several 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.

¹Historical 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, exploration activities and the specifications, targets, results, analyses, interpretations, benefits, costs and timing of them, 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.