

Headwater Gold Completes First-Pass Drilling On Katey Gold Project

Vancouver, British Columbia, December 9, 2021: Headwater Gold Inc. (CSE: HWG) (OTCQB: HWAUF) (the "Company" or "Headwater") is pleased to announce the successful completion of the first-pass core drill program on its 100% owned Katey gold project located in southeast Oregon, United States.

Highlights:

- Headwater's initial drill program at Katey consisted of two scout diamond core drill holes totaling 537 metres;
- Drilling targeted epithermal mineralization in structural feeder zones immediately below gold intercepted in shallow historic drilling at two separate target areas; and
- Both holes encountered strong alteration zones characteristic of a high-level epithermal system, including broad intervals of epithermal veining, silicification, and hydrothermal breccias associated with rhyolitic dikes.



Figure 1: Core photographs of representative epithermal textures encountered in the drilling A) Silicified and hematite-altered breccia in KT21-01; B) Dark gray chalcedonic silica-flooded breccia in rhyolite from KT21-01; C) Strongly silicified rhyolite dike with disseminated sulfides, cross-cut by hematitic fractures in KT21-02; and D) Strongly silicified and oxidized breccia within rhyolite dike swarm in KT21-01. Core is HQ size, and each row is approximately 60 cm in length.

Caleb Stroup, Headwater's President and CEO, states: "The completion of the Katey drill program marks the conclusion of a very successful 2021 drill season, where Headwater has drilled four projects within approximately six months. With winter weather beginning to affect productivity and drill costs, the decision was made to limit the program to the two highest priority drill targets on the Property. The geology encountered in the initial drill core from Katey demonstrates that the shallow mineralization encountered in historic drilling is part of a much larger alteration cell that appears to be driven by highly altered rhyolite feeder dikes at depth in both the East Zone and West Zone. Without assays it is difficult to determine the significance of individual drill intercepts, but the width and intensity of favorable alteration beneath shallow historical drill intercepts indicates that both areas represent high-priority exploration targets with great potential."

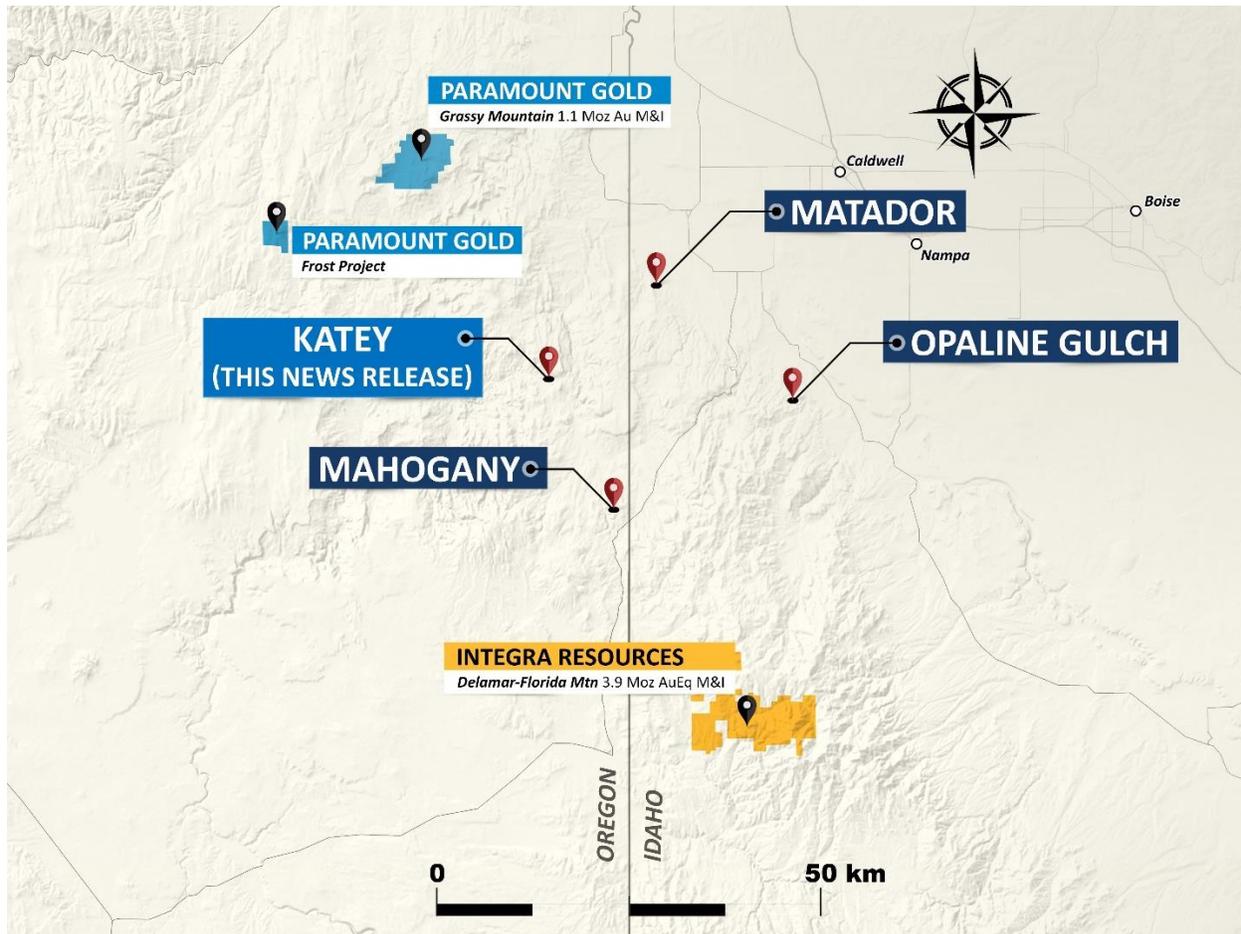


Figure 2: Location map of Headwater projects in the region including Katey and Mahogany¹.

About the Katey Drill Program:

The Katey Project is located in southeastern Oregon, 50 km northwest of Integra Resources' DeLamar deposit. Limited historic drilling completed in 1988-1990 reportedly returned multiple zones of anomalous gold mineralization within 100 metres of surface (KT 88-2 – 3.0 m grading 6.17 g/t Au; KT 88-12 – 3.0 m grading 6.6 g/t Au; KTR-89-5 – 36.6 m grading 0.7 g/t Au)². This shallow historic drilling encountered gold mineralization in two areas on the Property, referred to as the East Zone and West Zone, but failed to test the high-grade vein targets in either area at depth.

The highest priority targets in the East and West Zones were tested with an oriented core program, which consisted of an initial two drill holes 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 has penetrated to these depths at Katey. At the Katey West Zone, Headwater KT21-01 drilled across a broad interval of strongly altered rhyolite from surface to a depth of approximately 135 m which included zones of silicification, veining, and steeply-dipping breccias containing quartz vein fragments. At the Katey East Zone, drillhole KT21-02 encountered intense silicification and disseminated sulfides from approximately 179 m to 200 m associated with a rhyolite dike swarm beneath mineralized rhyolite flow domes mapped at surface. Headwater is planning a geophysical survey which may be able to image the silicification and associated sulfides encountered at depth and provide a cost-effective method to de-risk future drilling.

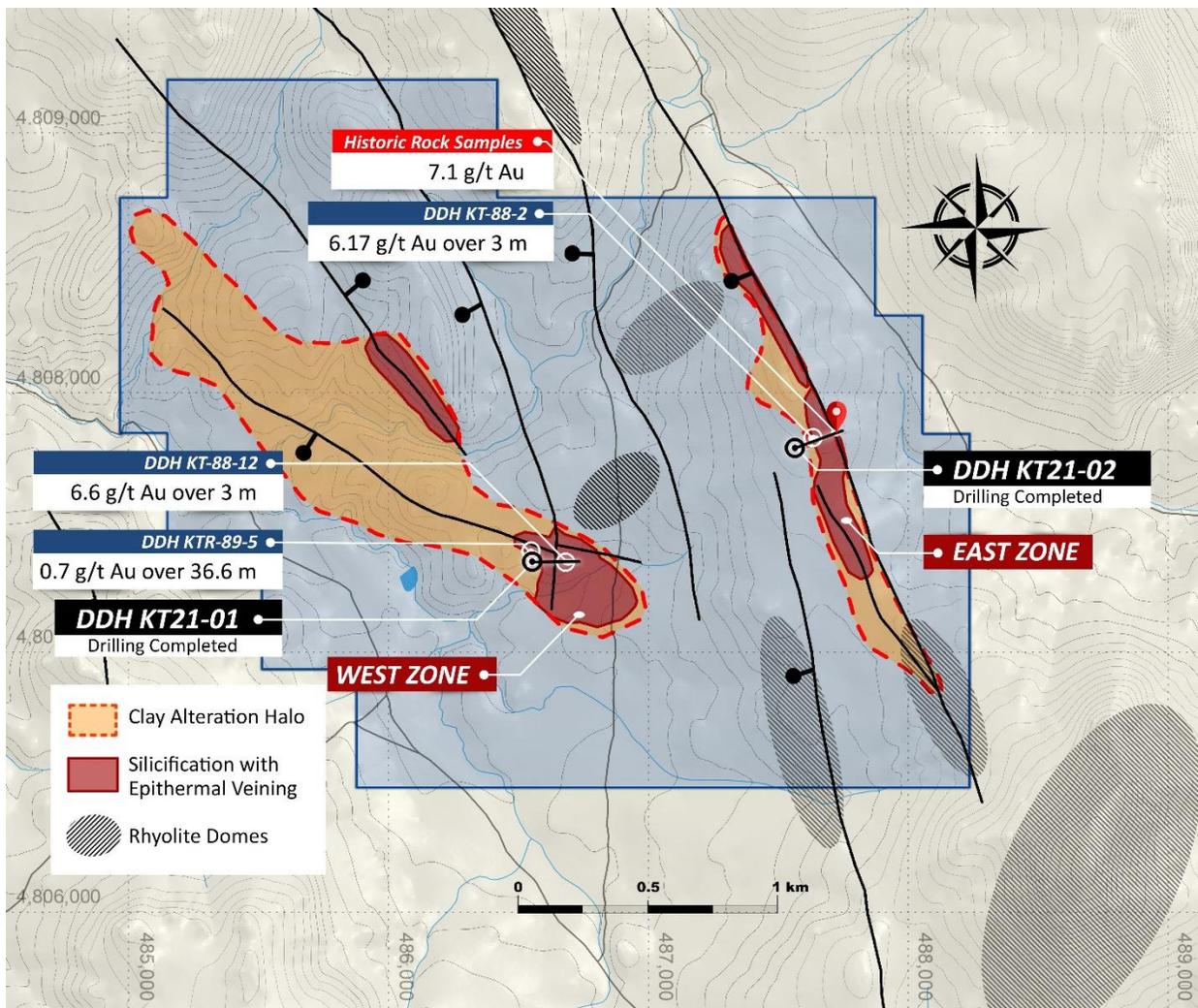


Figure 3: Primary targets at the Katey Project, key geologic features, select historic drilling² and select rock sampling highlights.

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. 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 resource estimates and historical drill intercepts 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.