Executes Definitive Financing Agreement

TORONTO, ONTARIO--(Marketwired - Dec 16, 2016) - Gowest Gold Ltd. ("Gowest" or the "Company") (TSX VENTURE:GWA) is pleased to announce that it has entered into a definitive Pre-Paid Forward Gold Purchase Agreement (the "Agreement") with PGB Timmins Holdings LP ("PGB"), a limited partnership organized under the laws of the Province of Ontario, to finance the development of its 100% owned Bradshaw Gold Deposit ("Bradshaw"). PGB is an investment vehicle controlled by Pandion Mine Finance, LP.

Pursuant to the Agreement, PGB has agreed to advance to the Company up to an aggregate of US$17,600,000 (the "Gold Prepayment Amount"), in four tranches over a period of approximately 12 months, as partial consideration for the purchase of up to an aggregate of 65,805 ounces of gold to be produced from Bradshaw and delivered to PGB. The full funding of the Gold Prepayment Amount is subject to the satisfaction of certain conditions precedent applicable in respect of each tranche, as specified in the Agreement.

The Gold Prepayment Amount will be used to fund development at Bradshaw, as well as for general and administrative costs and the payment of transaction fees and expenses relating to the Agreement.

Over a period of 60 months following the date of each tranche of the Gold Prepayment Amount, Gowest will be obligated to deliver to PGB a specified number of ounces of gold in respect of each such tranche; provided, however, no gold shall be deliverable by the Company during the first 27 months following the initial tranche payment date. PGB will pay to the Company, on each delivery of gold, an amount per ounce of gold equal to the market price at the time, less a specified discount. During the term of the Agreement, PGB will also participate in the upside of any increase in the price of gold.

Pursuant to the Agreement, during the 27 month period following the payment of the initial tranche of the Gold Prepayment Amount (the "Conversion Period"), PGB may elect to reduce the amount of gold deliverable by the Company by up to 10,000 ounces in exchange for up to 43,054,838 common shares of the Company (the "Conversion") having an aggregate value equal to US$5,000,000 (or CDN$6,673,500, based on an exchange rate of US$1.00 = CDN$1.3347, being the closing rate of exchange on the date prior to the execution of the Agreement as published by the Bank of Canada). For the purposes of the Conversion, the price per common share has been fixed at CDN$0.155, being the closing price of the common shares on the TSX Venture Exchange on the date prior to the execution of the Agreement.

The Conversion may be exercised by PGB during the Conversion Period, in whole or in part, in increments of US$1,000,000 and in exchange for 8,610,967 common shares (corresponding to a reduction in the total quantity of gold deliverable under the Agreement by 2,000 ounces). Following the Conversion, if applicable, the scheduled monthly quantities of gold to be delivered to PGB pursuant to the Agreement will be reduced on a *pro rata* basis. Further, if at any time during the term of the Agreement the common shares of the Company trade at a price greater than CDN$0.465 per share (being a trading price three (3) times the Conversion price) for a period of twenty (20) consecutive trading days, PGB shall be obligated to consummate the Conversion.

After all gold delivery requirements have been satisfied by the Company, the Company will have no further obligations under the Agreement. The Company further has the right to buy out and terminate the Agreement at any time.

The obligations of the Company under the Agreement will be secured by a first lien (subject to permitted liens) over all of the Company's properties and assets, other than certain excluded properties or assets specified in the Agreement.

Greg Romain, President and CEO commented, "We are extremely pleased to have taken a major step forward by executing this financing agreement with Pandion, our newest partner, in the development of Bradshaw into the next new gold mine in Timmins. With the site surface development underway, we expect to begin underground development and provide a detailed timeline early in the new year."

Joe Archibald, Founding Partner of Pandion, commented, "We are delighted to have executed the definitive agreement with Gowest and look forward to providing the financing for the next new gold mine in Timmins."

Pursuant to the Agreement, Gowest may, at its option, prior to the payment of the third tranche of the Gold Prepayment Amount, elect to reduce the aggregate amount of the Gold Prepayment Amount and amount of gold deliverable pursuant to the Agreement to US$14,100,000 and 53,187 ounces, respectively, subject to Gowest raising US$3,500,000 by way of equity financing. If this option is exercised, each of the third and fourth tranche payments will be reduced by US$1,750,000. Assuming that equity financing is available to the Company on terms and conditions acceptable to it, the exercise of this provision could significantly lower the cost of capital to the Company.

Qualified Person

The technical information in this news release has been reviewed and approved by Mr. Kevin Montgomery, P.Geo., Gowest's Manager of Exploration, who is the Qualified Person for the technical information in this news release under National Instrument 43-101 standards.

About Pandion Mine Finance, LP

Pandion is a mining-focused investment firm backed by MKS PAMP Group and Ospraie Management, LLC, that provides flexible financing solutions to developing mining companies.

About Gowest

Gowest is a Canadian gold exploration and development company focused on the delineation and development of its 100% owned Bradshaw Gold Deposit (Bradshaw), on the Frankfield Property, part of the Corporation's North Timmins Gold Project (NTGP). Gowest is exploring additional gold targets on its +100-square-kilometre NTGP land package and continues to evaluate the area, which is part of the prolific Timmins, Ontario gold camp. Currently, Bradshaw contains a National Instrument 43-101 compliant Indicated Resource estimated at 2.1 million tonnes ("t") grading 6.19 g/t Au containing 422 thousand oz Au and an Inferred Resource of 3.6 million t grading 6.47 grams per tonne ("g/t") Au containing 755 thousand oz Au. Further, based on the Pre-Feasibility Study produced by Stantec Mining and announced on June 9, 2015, Bradshaw contains Mineral Reserves, using a 3 g/t Au cut-off and utilizing a gold price of US$1,200 / oz, totalling 1.8 million t grading 4.82 g/t Au for 277 thousand oz Au.

Forward-Looking Statements

Certain statements in this release constitute forward-looking statements within the meaning of applicable securities laws. Forward-looking statements in this press release include, without limitation, statements relating to: PGB advancing the Gold Prepayment Amount in tranches, the satisfaction of certain conditions precedent to the payment of each tranche of the Gold Prepayment Amount, the anticipated use of the proceeds of the financing, the obligation of the Company to deliver gold to PGB in accordance with the Agreement, the obligation of PGB to pay for gold delivered to it in accordance with the Agreement, the potential election by PGB to reduce the amount of gold deliverable to it in exchange for common shares of the Company and the potential election by the Company to take a lesser amount of the Gold Prepayment Amount. Words such as "may", "would", "could", "should", "will", "anticipate", "believe", "plan", "expect", "intend", "potential" and similar expressions may be used to identify these forward-looking statements although not all forward-looking statements contain such words.

Forward-looking statements involve significant risks, uncertainties and assumptions. Many factors could cause actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including risks associated with the Agreement, such as the failure of the Company to satisfy one or more conditions precedent for the payment of the Gold Prepayment Amount (or any tranche thereof) and the absence of material adverse changes or other events, developments or conditions (including events of default) which may give the parties a basis on which to terminate the Agreement. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements may vary materially from those expressed or implied by this press release. These factors should be considered carefully and reader should not place undue reliance on the forward-looking statements. These forward-looking statements are made as of the date of this press release and, other than as required by law, the Company does not intend to or assume any obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

NEITHER THE TSX VENTURE EXCHANGE NOR ITS REGULATION PROVIDER (AS THAT TERM IS DEFINED IN THE POLICIES OF THE TSX VENTURE EXCHANGE) ACCEPTS RESPONSIBILITY FOR THE ADEQUACY OF THIS RELEASE.

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