

Executes Non-Binding Letter of Intent with Northern Sun

Securing Mill Capacity for Bradshaw Gold Deposit

TORONTO, ONTARIO--(Marketwired - Jan 23, 2017) - Gowest Gold Ltd. ("Gowest" or the "Company") (TSX VENTURE:GWA) is pleased to announce that it has entered into a non-binding letter of intent with [Northern Sun Mining Corp.](#) ("Northern Sun"), a corporation existing under the laws of the Province of Ontario, with respect to the creation of a joint-venture corporation ("JVco") that will own and operate the Redstone Mill (the "Transaction"). Upon completion of the proposed Transaction, each of the parties will hold a 50% interest in JVco.

The Redstone Mill, located near Timmins, Ontario, is currently 100% owned by Northern Sun and has the capacity to process approximately 1,500 tonnes of ore-per-day. Located just south of Gowest's Bradshaw Gold Deposit, which forms part of its North Timmins Gold Project, the Redstone Mill is well-situated to satisfy Gowest's anticipated future ore processing requirements.

In order to effect the proposed Transaction, Northern Sun will initially transfer to JVco all of the assets comprising the Redstone Mill, and JVco will assume all of the obligations and liabilities relating to the Redstone Mill, in exchange for shares of JVco having an aggregate deemed value of \$23 million. The assets will be transferred to JVco free and clear of all liens or encumbrances (other than any permitted encumbrances.)

Following the organization of JVco by Northern Sun, Gowest will purchase a 50% interest in JVco for consideration equal to \$11.5 million (the "Purchase Price"). The Purchase Price is proposed to be paid by Gowest in two (2) installments as follows:

1. the first installment of the purchase price shall be due and payable on the closing of the Transaction (the "Closing") and shall be satisfied by the issuance to Northern Sun of units of Gowest (each a "Unit" and, collectively, "Units") having an aggregate value equal to \$5.75 million. For the purposes of the Transaction, the proposed deemed value per Unit will be \$0.15. Each Unit will be comprised of one common share of Gowest and one-half of one common share purchase warrant, with each whole common share purchase warrant entitling Northern Sun to acquire one additional common share of Gowest at a proposed exercise price of \$0.165 for a period of 18 months following the Closing; and,
2. the second installment of the Purchase Price shall be due and payable on or before the date that is 12 months following the Closing, and satisfied, at the option of Northern Sun, either in cash or by the issuance to Northern Sun of that number of common shares of Gowest having an aggregate value equal to \$5.75 million. If Northern Sun elects to take shares, the value per common share of Gowest will be equal to the volume weighted average closing price for the common shares of Gowest on the TSX Venture Exchange during the 30 trading days preceding the date on which the election to take common shares is made by Northern Sun, less a 25% discount, provided that the value per common share shall not be less than the deemed value per Unit at Closing.

In connection with the Transaction, it is proposed that JVco and Gowest will enter into agreements, on market terms, pursuant to which JVco will (among other things) agree to process ore produced by Gowest from its proposed 30,000 tonne bulk sample and JVco will reserve an average of 500 tonnes-per-day of capacity in order to satisfy Gowest's anticipated future ore processing requirements.

Greg Romain, President and CEO commented, "We look forward to becoming equal partners with Northern Sun in the Redstone Mill, where we can process the material we extract from Bradshaw, and, with our partner, we can benefit financially by helping to secure additional feed for the remaining mill capacity from other regionally located mining companies."

It is currently anticipated that definitive documentation in respect of the Transaction will be completed on or prior to February 28, 2017, and Closing will occur as soon as practicable thereafter. The proposed Transaction is an arm's length transaction.

Completion of the proposed Transaction remains subject to the negotiation of definitive documentation setting forth the detailed terms and conditions of the Transaction, including, without limitation, an asset purchase agreement in respect of the transfer of the assets and liabilities comprising the Redstone Mill to JVco, a share purchase agreement in respect of the purchase by Gowest of a 50% interest in JVco from Northern Sun, a shareholders' agreement among Gowest, Northern Sun and JVco governing (among other things) the business and affairs of JVco, and agreement(s) relating to the processing of Gowest ore by JVco. Such agreements shall be in form and content satisfactory to each of Gowest and Northern Sun and the completion of the Transaction shall be subject to (among other things) the satisfaction or waiver of all conditions precedent to Closing to be set out therein. In addition, the Transaction is subject to the approval of the TSX Venture Exchange.

Additional details concerning the proposed Transaction will be provided in connection with the negotiation and execution of definitive documentation between the parties.

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 Company'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 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 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 Probable 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.

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.

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, all statements relating to the proposed Transaction, including the terms on which the Redstone Mill assets and liabilities will be transferred to JVco, the terms on which Gowest will acquire its 50% interest in JVco, the consideration payable by Gowest for its interest in JVco, the entering into and timing of definitive documentation relating to the proposed Transaction, and the satisfaction of conditions precedent relating to the proposed Transaction. 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. 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.

Contact

Greg Romain
President & CEO
(416) 363-1210
info@gowestgold.com
Greg Taylor
Investor Relations
416 605-5120
gregt@gowestgold.com