

Gowest and Northern Sun enter into a definitive agreement to operate mill as a 50/50 joint-venture

TORONTO, ONTARIO--(Marketwired - Jun 16, 2017) - Gowest Gold Ltd. ("Gowest" or the "Company") (TSX VENTURE:GWA) is pleased to announce that it has entered into a definitive share purchase agreement (the "Purchase Agreement") with [Northern Sun Mining Corp.](#) ("Northern Sun"), pursuant to which Gowest will acquire a 50% interest in a joint-venture corporation ("JVco") that will own and operate the Redstone Mill (the "Transaction"). Upon completion of the Transaction, each of the parties will hold a 50% interest in JVco. The Transaction was originally announced by Gowest on January 23, 2017.

The Redstone Mill, located near Timmins, Ontario, is currently wholly-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.

"This transaction is an extremely important milestone for Gowest, both as a key component in our near term plan to build the next new gold mine in the Timmins camp as well as a foundation for our longer term plan to develop the newest gold trend in the area," said Greg Romain, President and CEO of Gowest. "With this mill, we will be able to process our own ore at the same time that we and our joint-venture partner are positioned to generate additional cash flow by providing much needed tolling services to support other mines and undeveloped deposits in the area by reducing capital costs and time."

In order to effect the Transaction, Northern Sun will initially transfer to JVco substantially all of the assets comprising the Redstone Mill and JVco will assume 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 certain 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 will 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 an aggregate of 38,590,604 units of Gowest (each a "Unit" and, collectively, "Units") having a deemed aggregate value equal to \$5.75 million. Each Unit will be comprised of one common share of Gowest and one-half of one common share purchase warrant, with each whole warrant entitling Northern Sun to acquire one additional common share of Gowest at an 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 a deemed aggregate value equal to \$5.75 million. If Northern Sun elects to receive shares, the value per common share of Gowest will be equal to the market price per common share on the TSX Venture Exchange as of the date on which Northern Sun elects (or is deemed to have elected) to receive common shares, less a 25% discount, provided that the value per common share shall not be less than the deemed value per Unit at Closing.

On Closing:

- Gowest, Northern Sun and JVco will enter into a unanimous shareholder agreement that will (among other things) govern the relationship between the parties and the business and affairs of JVco; and,
- Gowest and JVco will enter into a custom milling agreement pursuant to which JVco will agree to process ore produced by Gowest from its proposed 30,000 tonne bulk sample and will reserve an average of 500 tonnes-per-day of capacity in order to satisfy Gowest's anticipated future ore processing requirements upon commencement of production.

The Transaction is subject to customary closing conditions as specified in the Purchase Agreement, including the receipt of requisite regulatory approvals and the approval of the TSX Venture Exchange. Complete details of the terms and conditions of the Transaction are set out in the Purchase Agreement, which will be filed by Gowest under its profile on SEDAR at www.sedar.com.

All of the securities issuable in connection with the Transaction will be subject to a hold period expiring four months and one day after date of issuance.

It is anticipated that the Closing of the Transaction will occur no later than August 31, 2017.

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 (*Mineral Resources are inclusive of 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 and the Closing, the satisfaction of conditions precedent relating to the proposed Transaction, the entering into of additional transaction agreements in connection with the Closing and the respective terms thereof, and the anticipated timing of Closing. 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 Transaction and acquisitions generally, such as the failure to satisfy the closing conditions contained in the Purchase Agreement, the absence of material adverse changes or other events which may give a party a basis on which to terminate the Purchase Agreement and the ability of the parties to obtain requisite regulatory approvals or consents. 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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