

# Gowest Secures \$25 Million Investment

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## Funds to be Used for Planned Restart of Operations at Bradshaw

Toronto, January 26, 2023 - [Gowest Gold Ltd.](#) (TSXV: GWA) ("Gowest" or the "Corporation") announced today that investors have agreed to purchase from Gowest, on a non-brokered private placement basis, securities of the Corporation for aggregate gross proceeds of \$25,000,000. Specifically:

- Greenwater Investment Hong Kong Limited ("Greenwater") and other investors have agreed to purchase an aggregate of 150,000,000 units of the Corporation ("Units"), at an issue price of \$0.10 per Unit, for an aggregate purchase price of \$15,000,000 (the "Unit Offering"); and,
- Lush Land Investment Canada Inc. ("Lush Land") has agreed to purchase promissory notes of the Corporation in an aggregate principal amount of \$10,000,000 (the "Promissory Notes"), for an aggregate purchase price of \$10,000,000, which Promissory Notes shall be convertible into Units at a conversion price of \$0.10 per Unit (the "Promissory Note Offering").

Each Unit issuable pursuant to the Unit Offering or on conversion of the Promissory Notes will comprise one common share of the Corporation and three-quarters ( $\frac{3}{4}$ ) of one common share purchase warrant (each whole common share purchase warrant, a "Warrant"), with each whole Warrant being exercisable to purchase one additional common share of the Corporation for a period of 24 months following the closing date of the Unit Offering or conversion date of the Promissory Notes (such date, as applicable, the "Unit Issue Date"), at a purchase price of (i) \$0.10 per share until the date that is three (3) months following the Unit Issue Date; (ii) thereafter, at \$0.12 per share until the date that is 12 months following the Unit Issue Date; and (iii) thereafter, at \$0.15 per share until the date that is 24 months following the Unit Issue Date.

Assuming the completion of the Unit Offering and the Promissory Note Offering (collectively, the "Offerings"), the Corporation will raise aggregate gross proceeds of \$25,000,000. Additional proceeds may be raised subsequently through the exercise of the Warrants partially comprising the Units.

C. Fraser Elliott, Gowest Chairman, stated, "As we have reported, it has taken a substantial amount of time and effort on the part of our management team and board of directors to secure this significant and critical investment. This included extensive due diligence on the part of our investors, with everyone working to ensure that we are able to successfully restart operations at Bradshaw and advance our ambitious development plans for the project for the benefit of all our stakeholders. We appreciate the support of Greenwater, Lush Land, and the other investors for this demonstration of their commitment to our team and the significant potential of Bradshaw and the rest of our prospective land position in the Timmins gold camp."

Dan Gagnon, President and Chief Executive Officer of Gowest, added, "With these funds in hand, we will finally be ready to restart mining activities at Bradshaw and continue to move toward production. Clearly, this represents a new beginning for Gowest, as we prepare to become a mining company and continue the work of expanding our geological resources and reserves through additional exploration."

## Details of the Offerings

The Corporation has received and accepted irrevocable subscriptions from investors, including Greenwater, in respect of the Unit Offering, and from Lush Land in respect of the Promissory Note Offering.

The completion of the Unit Offering and the conversion of the Promissory Notes into Units are each conditional upon the receipt of Shareholder Approval, as defined and described in detail below under the heading "Minority Approval of the Offerings".

Greenwater, the Corporation's largest shareholder, has agreed to purchase 65,000,000 Units for an aggregate purchase price of \$6,500,000. The other participants in the Offerings are principally existing shareholders of the Corporation.

Assuming Shareholder Approval is obtained, the Unit Offering will be completed (in full) within 10 business days following the receipt of Shareholder Approval.

The issuance and sale of the Promissory Notes pursuant to the Promissory Note Offering will be completed in one or more tranches on or prior to February 28, 2023. Pursuant to the terms and conditions attached to the Promissory Notes, the outstanding principal balance thereunder will be automatically converted into Units following the receipt of Shareholder Approval at a conversion price equal to \$0.10 per Unit. The conversion date shall occur within 10 business days following the receipt of Shareholder Approval.

Interest on the daily outstanding principal balance of the Promissory Notes shall accrue daily, commencing on the date of issuance, and shall be calculated and payable on the earlier of the conversion date or on maturity, in arrears, at the rate of 6% per annum. If Shareholder Approval is not obtained, the Promissory Notes will not convert into Units and will remain outstanding according to their terms, and the outstanding principal and accrued interest will be due and payable on June 30, 2023.

There are no material conditions to the closing of the Offerings, other than: (i) the receipt of Shareholder Approval; and (ii) the receipt of required regulatory approvals, including the approval of the TSX Venture Exchange (the "TSXV").

The terms and conditions of the Offerings have been determined by the board of directors of Gowest (the "Board") to be reasonable in the circumstances of the Corporation. In the opinion of management and the Board, such transactions represent the best financing option available to the Corporation at this time.

After consideration of all relevant circumstances, the Board has approved the Offerings and has determined that such transactions are in the best interest of the Corporation. Mr. Meirong Yuan, a director of the Corporation, is also a director of Greenwater and a director and minority shareholder of Lush Land, and therefore he abstained from voting in respect of Greenwater's participation in the Unit Offering and Lush Land's participation in the Promissory Note Offering.

Among other factors considered by the Board in approving the Offerings: (i) the proceeds are significant enough to allow the Corporation to resume operations at Bradshaw; (ii) the Offerings present lower-execution risk given the familiarity of Greenwater and Lush Land with the Corporation and its operations, and no further due diligence is required to be conducted by Greenwater or Lush Land prior to closing; (iii) the completion of the Offerings may assist the Corporation in its efforts to raise additional funds, including by way of additional "flow-through" investment in the Corporation; (iv) current shareholders will continue to participate in any future appreciation in the value of the common shares of the Corporation; and (v) the significant investment by the investors in the Offerings, and in particular Greenwater and Lush Land, demonstrates a long-term commitment to the Corporation and to bringing Bradshaw into commercial production. Further, there are no commissions or finder's fees payable in connection with the Offerings.

To the knowledge of the Corporation, none of the investors under the Offerings are related parties, and each investor has represented to the Corporation that it does not act jointly or in concert with any of the other investors in the Corporation.

The proceeds of the Offerings will be principally used by the Corporation for the continued development of Bradshaw, including the planned restart of mining operations at Bradshaw, as well as for exploration at other areas comprising the Corporation's North Timmins Gold Project, and for general corporate purposes.

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

The securities offered have not been registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons

absent registration or an applicable exemption from registration requirements. This release does not constitute an offer for sale of securities in the United States.

#### Minority Approval of the Offerings

The participation by Greenwater in the Unit Offering requires disinterested shareholder approval under Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"), and the conversion of the Promissory Notes into Units requires disinterested shareholder approval under the applicable policies of the TSXV (such approvals, collectively, the "Shareholder Approval"). Each aspect of the Shareholder Approval requirement is described in greater detail below.

#### Approval of Participation by Greenwater in Unit Offering

Greenwater is an investment company incorporated under the laws of Hong Kong, with its head office located in Wan Chai, Hong Kong.

As of the date hereof, Greenwater holds 109,756,157 common shares, representing approximately 44.8% of the outstanding common shares of the Corporation. Greenwater is also a creditor of the Corporation pursuant to a credit agreement dated October 16, 2019, as amended July 22, 2021.

Assuming the completion of the Unit Offering and the Promissory Note Offering, and the conversion of the Promissory Notes into Units (and assuming no further issuances of common shares by the Corporation), Greenwater will hold 174,756,157 common shares representing approximately 35.3% of the outstanding common shares of the Corporation.

Further, assuming the full exercise of all Warrants issuable to Greenwater pursuant to the Unit Offering and all other convertible securities held by it as of the date hereof (and assuming no further issuances of common shares by the Corporation), Greenwater will hold 308,121,540 common shares representing approximately 49.0% of the outstanding common shares of the Corporation. There can be no guarantee that any of the Warrants or other convertible securities held by Greenwater will be exercised.

By virtue of the fact that Greenwater owns greater than 10% of the outstanding common shares of the Corporation and, therefore, is a "related party" of the Corporation, the Unit Offering will constitute a "related party transaction" of the Corporation under MI 61-101. As such, participation by Greenwater in the Unit Offering is subject to the minority approval requirement of MI 61-101 and will require the approval of shareholders of the Corporation, excluding Greenwater (and any related parties of Greenwater).

The Unit Offering is exempt from the formal valuation requirement of MI 61-101 by virtue of the exemption contained in Section 5.5(b) of MI 61-101, as the Corporation is listed only on the TSXV.

#### Approval of Conversion of Promissory Notes Purchased by Lush Land

Lush Land is an investment company incorporated under the laws of Canada, with its head office located in Oakville, Ontario.

As of the date hereof, Lush Land holds 22,272,820 common shares, representing approximately 9.1% of the outstanding common shares of the Corporation.

Assuming the completion of the Unit Offering and the Promissory Note Offering, and the conversion of the Promissory Notes into Units (and assuming no further issuances of common shares by the Corporation), Lush Land will hold 122,272,820 common shares representing approximately 24.7% of the outstanding common shares of the Corporation.

Further, assuming the full exercise of all Warrants issuable on conversion of the Promissory Notes (and

assuming no further issuances of common shares by the Corporation), Lush Land will hold 197,272,820 common shares representing approximately 34.6% of the outstanding common shares of the Corporation. There can be no guarantee that any of the Warrants held by Lush Land will be exercised. Lush Land holds no other securities convertible into common shares of the Corporation as of the date hereof.

By virtue of the fact that Lush Land will hold greater than 20% of the outstanding common shares of the Corporation following the conversion of the Promissory Notes into Units and, as a result, will become a "Control Person" of the Corporation (as defined under the applicable policies of the TSXV), the conversion of the Promissory Notes into Units will require the approval of shareholders of the Corporation, excluding Lush Land (and any associates or affiliates of Lush Land).

Subject to the approval of the TSXV, disinterested shareholder approval for the conversion of the Promissory Notes into Units may be obtained by written consent.

#### Special Meeting to Obtain Shareholder Approval

The Corporation intends to call a special meeting of shareholders of the Corporation (the "Meeting") as soon as possible for the purpose of obtaining Shareholder Approval. It is anticipated that the Meeting will be held on or about March 30, 2023.

The Board recommends that shareholders vote in favour of the resolutions necessary for the completion of the Offerings.

Further information regarding each of the Unit Offering and the Promissory Note Offering will be contained in the management information circular to be prepared in respect of the Meeting. The management information circular will be filed under the Corporation's profile on SEDAR ([www.sedar.com](http://www.sedar.com)) at the time that it is mailed to shareholders. All shareholders are urged to read the management information circular once it becomes available, as it will contain additional important information concerning the Offerings.

#### 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&dash;square&dash;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&dash;101 Indicated Resource estimated at 2.1 million tonnes ("t") grading 6.19 grams per tonne gold (g/t Au) containing 422 thousand ounces (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&dash;Feasibility Study produced by Stantec Mining and announced on June 9, 2015, Bradshaw contains Mineral Reserves (Mineral Resources are inclusive of Mineral Reserves) in the probable category, using a 3 g/t Au cut&dash;off and utilizing a gold price of US\$1,200 / oz, totaling 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: the Unit Offering; the Promissory Note Offering (including the conversion of the Promissory Notes into Units); the proposed use of proceeds of the Offerings; the expansion of geological resources and reserves through additional exploration; the ability of the parties, in particular the Corporation, to satisfy the conditions precedent to the closing of the Offerings; the requirement to obtain regulatory approvals, including the approval of the TSXV; the mailing of the management information circular in connection with the Meeting and anticipated timing thereof; and the anticipated timing of the completion of the Unit Offering and Promissory Note Offering (including the conversion of the Promissory Notes into Units). 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 Unit Offering, the Promissory Note Offering and financing transactions generally, such as the failure to satisfy the closing conditions contained in the subscription agreements, the absence of material adverse changes or other events which may give Greenwater, Lush Land or any other investor a basis on which to terminate its subscription agreement, and the ability of the Corporation to complete and mail the information circular in respect of the Meeting and hold the Meeting within the time frames indicated. Additional risk factors are also set forth in the Corporation's management's discussion and analysis and other filings available via the System for Electronic Document Analysis and Retrieval (SEDAR) under the Corporation's profile at [www.sedar.com](http://www.sedar.com). 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 readers 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 Corporation 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.

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