

**GOWEST GOLD LTD.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED OCTOBER 31, 2015**

This management discussion and analysis ("MD&A") of the financial condition and results of operations of Gowest Gold Ltd. ("Gowest" or the "Company") describes the operating and financial results of the Company for the three and twelve months ended October 31, 2015. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. The MD&A supplements, but does not form part of the financial statements of the Company and should be read in conjunction with Gowest's audited financial statements for the years ended October 31, 2015 and 2014, together with the notes thereto. The Company prepares and files its financial statements in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise noted and gold is measured in fine troy ounces ("ounces").

**Forward-looking Statements**

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding: the potential of Gowest's properties to contain economic precious and base metal deposits; the Company's ability to meet its working capital needs for the next twelve-month period, or the foreseeable future; the plans, costs, timing and capital for future exploration and evaluation of Gowest's property interests, including the costs and potential impact of complying with existing and proposed laws and regulations; management's outlook regarding future trends; sensitivity analysis on financial instruments, which may vary from amounts disclosed; prices and price volatility for precious and base metals; and general business and economic conditions.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond Gowest's ability to predict or control. These risks, uncertainties and other factors include, but are not limited to, precious and base metal deposits, price volatility, changes in debt and equity markets, timing and availability of external financing on acceptable terms, the uncertainties involved in interpreting geological data and confirming title to the Company's properties, the possibility that future exploration results will not be consistent with Gowest's expectations, increases in costs, environmental compliance and changes in environmental and other local legislation and regulation, interest rate and exchange rate fluctuations, changes in economic and political conditions and other risks involved in the precious and base metal exploration and evaluation, as well as those risk factors listed in the "Risks and Uncertainties" section below. Readers are cautioned that the foregoing list of factors is not exhaustive of the factors that may affect the forward-looking statements. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions that may prove to be incorrect, including, but not limited to, assumptions about the following: the availability of financing for Gowest's exploration and evaluation activities; operating and exploration costs; the Company's ability to retain and attract skilled staff; timing of the receipt of regulatory and governmental approvals for exploration projects and other operations; market competition; and general business and economic conditions.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Gowest's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should

not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

## **Date of MD&A**

This MD&A is dated February 22, 2016.

## **Description of the Business and Going Concern**

Gowest is in the business of exploring and evaluating properties that it believes contain mineralization that is, or will, in the future, be economically recoverable. The Company is focused on the exploration and evaluation of the North Timmins Gold Project ("NTGP"), which includes its wholly-owned Bradshaw gold deposit (formerly Frankfield East gold deposit). Gowest's 10,700-hectare (107 square kilometres) NTGP land package is located near Timmins, Ontario, in the Timmins Gold Camp, which, since its discovery in the early 1900's, has produced almost half of all the gold mined in Canada.

The Company's primary objective is to advance its Bradshaw gold deposit to development and increase the resource through exploration in the NTGP. The Company also remains open to evaluating other potential opportunities to enhance shareholder value.

In addition to its focus on the exploration and evaluation of its Bradshaw gold deposit, which represents approximately 50-hectare (0.5 square kilometre), the Company is exploring additional gold targets on the remainder of its land package. This land package generally surrounds, or is contiguous with, the Frankfield property and includes exploration interests along the largely undeveloped Pipestone Fault area of the Timmins Gold Camp, including a contiguous block of claims extending approximately 18 kilometres along the Pipestone Fault from the Bradshaw gold deposit southeast towards the Clavos deposit. The Company regularly evaluates the potential to increase its holdings in the vicinity of the Pipestone Fault, among other acquisition opportunities.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that planned exploration and evaluation programs will result in the development of a profitable mine. The recoverability of the amount shown for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and evaluation, and the subsequent development of a mine and upon future profitable production or proceeds from dispositions of such properties. Changes in future conditions could require material write-downs of the carrying amounts of mineral properties.

Although the Company has taken steps to verify title to its mineral property interests, in accordance with industry standards for the current stage of exploration of such property, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, aboriginal claims, and noncompliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions and political uncertainty.

The accompanying financial statements have been prepared in accordance with Canadian General Accepted Accounting Principles ("GAAP"), as applicable to a going concern, which contemplates the realization of its assets and the settlement of its liabilities in the normal course of operations.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The ability of the Company to continue operations is dependent upon obtaining the necessary financing to complete the development of a mineral property. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern...

Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements.

## **2015 Highlights**

- The Company announced and filed the results of the Pre-Feasibility study of the initial portion of the Bradshaw deposit. Please see Mineral Properties.
- The Company submitted its Mine Closure Plan for Advanced Exploration ("Mine Closure Plan") to extract a bulk sample of up to 30,000 tonnes on the Bradshaw Gold Deposit and it was accepted by the Ontario Ministry of Northern Development and Mines ("MNDM") on June 25, 2015 for public consultation. On August 13, 2015, the Company announced that it has received notice from the MNDM that the Mine Closure Plan has been filed.
- The Company entered into an agreement with Crown Mining Corp. to acquire 100% interest in four patented claims totalling 64 hectares located in Whitney Township, near Timmins Ontario. The claims adjoin the north and northwest boundaries of the Hallnor property, one kilometre from the past producing Hallnor Gold Mine. The claims are contiguous with the five patented claims that the Company already owned. Consideration paid on August 26, 2015 was \$25,000 in cash and issuance of 1,000,000 Gowest common shares.
- On August 26, 2015, the Company completed a one-year extension of its Option and Joint Venture Agreement with Transition Metals Corp. to earn an additional 60% interest and up to a 75% interest in approximately 3,400 hectares in the Porcupine mining district. The Company issued 500,000 common shares in exchange for the extension
- The Company issued 46,962,500 common shares and received cash of \$2,817,750 for the exercise of warrants from the program to encourage the early exercise of up to 50,000,000 of its outstanding unlisted warrants issued between June 23, 2014 and September 30, 2014 (the "Warrants"). Under their original terms, the Warrants were exercisable to acquire one common share of the Corporation at a price of \$0.11 for a period of 24 months from date of issuance. As an inducement to encourage the early exercise the Warrants, the Corporation reduced the exercise price of the Warrants from \$0.11 to \$0.06 for the period expiring on October 27, 2015.

## **Subsequent Events**

- On November 3, 2015, 165,000 stock options expired unexercised.
- On December 4, 2015, the Company acquired the 1.5% net smelter return royalty held by the Sheridan Group on the Company's Frankfield Property. As consideration for the purchase, the Company issued 10,000,000 common shares of the Company at a deemed value of \$0.10 per common share.
- On December 22, 2015, the Company announced that it closed a non-brokered private placement of 10,177,420 flow-through units of the Company at a price of \$0.10 per unit for gross proceeds of \$1,017,742. Each unit is comprised of one common share and one-half of one common share purchase warrant with each warrant exercisable at a price of \$0.15 per warrant until December 22, 2017.
- On December 31, 2015, 3,763,727 warrants to purchase common shares expired unexercised.

## Selected quarterly information

The following tables set out certain financial performance highlights for the last eight quarters:

	<b>Fourth Quarter October 31, 2015</b>	<b>Third Quarter July 31, 2015</b>	<b>Second Quarter April 30, 2015</b>	<b>First Quarter January 31, 2015</b>
	\$	\$	\$	\$
Net (loss) from operations	(333,466)	(385,760)	(256,897)	(264,765)
Interest income	1,177	866	2,020	6,195
Deferred income tax recovery	261,000	-	-	-
Net (loss) and Comprehensive (loss)	(70,539)	(385,269)	(256,377)	(258,570)
Net (loss) per share, basic	(0.00)	(0.004)	(0.00)	(0.00)
Cash flow (used in) operations	(144,054)	(151,669)	(297,463)	(386,009)
Cash & cash equivalents, end of period	2,391,096	182,258	800,967	1,840,265
Assets	21,815,776	19,142,673	19,345,502	19,585,111
Deferred tax liabilities	1,416,000	1,608,000	1,608,000	1,608,000

	<b>Fourth Quarter October 31, 2014</b>	<b>Third Quarter July 31, 2014</b>	<b>Second Quarter April 30, 2014</b>	<b>First Quarter January 31, 2014</b>
	\$	\$	\$	\$
Net (loss) from operations	(495,189)	(193,369)	(437,677)	(205,999)
Interest income (expense)	1,145	-	178	528
Deferred income tax expense	227,000	-	-	-
Net (loss) and Comprehensive (loss)	(163,895)	(194,119)	(437,499)	(205,471)
Net (loss) per share, basic	(0.01)	(0.01)	(0.00)	(0.00)
Cash flow (used in) operations	(90,709)	(493,538)	80,470	(317,487)
Cash & cash equivalents, end of period	2,538,587	361,084	114,710	589,091
Assets	19,988,797	17,196,959	16,655,985	16,546,671
Deferred tax liabilities	1,608,000	1,794,000	1,794,000	1,794,000

The following is a summary of selected audited financial information for the fiscal years of:

	<b>2015</b>	<b>2014</b>	<b>2013</b>
	\$	\$	\$
Revenues	-	-	-
Expenses	1,240,888	1,222,710	1,300,460
Interest, other income/(expense)	10,258	(109,524)	306,843
Net loss from operations	(1,230,630)	(1,332,234)	(993,617)
Future income taxes (expense) recovered	261,000	227,000	(181,296)
Net loss	(969,630)	(1,105,234)	(1,174,913)
Net loss per share, basic and diluted	(0.004)	(0.01)	(0.01)
Comprehensive loss	(970,755)	(1,000,984)	(1,189,913)
Cash flow from (used in) operations	(979,195)	(821,264)	(737,320)
Cash & cash equivalents, end of period	2,391,096	2,538,587	146,185
Assets	21,815,776	1,988,797	16,769,369
Deferred tax liabilities	1,416,000	1,608,000	1,794,000

## Results of Operations

The Company's operations during the three month period ended October 31, 2015, produced a net loss and comprehensive loss of (\$70,539) as compared to a net loss and comprehensive loss of (\$163,895) for the comparable prior year period.

For the three months ended October 31, 2015, the Company's decrease in its net loss and comprehensive loss as compared to the prior year period was primarily due to: i) \$111,375 for a write-down of long term investments recorded in the prior year period as compared to \$Nil in the current year period, and ii) an increase in deferred tax recovery of \$261,000 in the current year period as compared to a recovery of \$227,000 in the prior year period, offset by, iii) impairment of securities available for sale of \$104,250 recorded in the prior year period compared to \$Nil in the current year period, and lower stock based compensation recorded in the current year period as compared to the prior year period due to lower issuance of stock options in the current year period.

The Company's operations during the twelve month period ended October 31, 2015, produced a net loss and comprehensive loss of (\$970,755) as compared to a net loss and comprehensive loss of (\$1,000,984) for the comparable prior year period.

For the twelve months ended October 31, 2015, the Company's decrease in its net loss and comprehensive loss as compared to the prior year period was primarily due to: i) ) \$111,375 for a write-down of long term investments recorded in the prior year period as compared to \$Nil in the current year period, ii) lower stock based compensation expense in the current year period associated with the grant of options in the period as compared to higher stock option grants in the prior year period, iii) an increase in deferred tax recovery of \$261,000 in the current year period as compared to \$227,000 in the prior year period, offset by, iv) and increase in overall general and administrative expenses offset by a decrease in professional fees and investor relations expense in the current year as compared the prior year period reflecting the Company's current activities, and v) impairment of securities available for sale of \$104,250 recorded in the prior year period compared to \$Nil in the current year period .

## Liquidity and Capital Resources

The activities of the Company, which are primarily the acquisition, exploration and evaluation of mineral properties, that it believes contain mineralization, are financed through the completion of equity transactions such as equity offerings and the exercise of stock options and warrants. There is no assurance that equity capital will be available to the Company in the required amounts, with acceptable terms or at the time required. See "Risk Considerations" below.

As at October 31, 2015 and October 31, 2014, the Company reported a cash and cash equivalent position of \$2,391,096 and \$2,538,587 respectively and working capital of \$2,017,472 and \$2,126,815, respectively. See *Subsequent Events*.

The Company's use of cash in operations activities was (\$979,195) for the twelve month period ended October 31, 2015, reflecting a reduction in outstanding accounts payable. Cash used in investing activities was (\$1,979,065) for the twelve month period ended October 31, 2015 reflecting the costs of the pre-feasibility study, consultation expenses and expenses for the permitting and submission of the closure plan.

The Company's cash provided by financing activities was \$2,810,769 for the twelve month period ended October 31, 2015, reflecting the \$2,817,750 raised through the exercise of warrants less the costs associated with the financing.

## Mineral Properties

According to Gowest's Exploration and Evaluation Properties as at October 31, 2015, accumulated costs related the Company's interest in mineral properties owned, leased, under consideration to be acquired or under option, were as follows:

	Acquisition Cost	Deferred Exploration	Option Payments Received	October 31, 2015 Net book value	October 31, 2014 Net book value
	\$	\$	\$	\$	\$
Frankfield Property	1,263,575	15,863,021	-	17,126,596	15,367,677
Pipestone Property	201,500	896,794	-	1,098,294	1,037,330
Tully Property	69,458	818,817	-	888,275	885,962
Whitney Property	126,059	60,768	(77,568)	109,259	-
	1,660,592	17,639,400	(77,568)	19,222,424	17,290,969

As the Company is an entity engaged in and focused on exploration and development objectives, the following summary of deferred exploration expenditures provides expanded details about its performance:

	Twelve Months Ended October 31, 2015	Twelve Months Ended October 31, 2014
Acquisition and holding costs	146,759	30,000
Office, Camp, Engineering, Study, Consultation and Permitting	1,768,580	1,209,519
Drilling related costs	61,636	361,277
Royalty	-	(750,000)
Total	1,976,875	850,796

For a description of the mineral properties owned by the Company, refer to Note 9 of the audited financial statements as at October 31, 2015.

**Pre-Feasibility Study and Refiling Announcements (For further information please see News Releases June 9, 2015 and September 25, 2015)**

The Pre-Feasibility Study ("PFS") was conducted by Stantec Mining ("Stantec") through their Mississauga, Ontario office. The PFS was focused on mining the upper 500 vertical meters ("m") of mineralization at Bradshaw. Previous drilling has intercepted mineralization at a vertical depth of 1,350 m, indicating the deposit remains open for additional development.

The Company has identified more gold mineralization at Bradshaw, which does not currently meet the criteria for inclusion in the PFS but with further drilling from surface and once underground, Gowest intends to convert this mineralization into a resource.

**Highlights of PFS (100% Equity, All figures in USD):**

Gold Price	\$1,200/oz
Exchange Rate	CAD \$1.00 = US\$0.80
Pre-tax Net Present Value ("NPV") (5%)	\$39.8 million
Pre-tax Internal Rate of Return ("IRR")	32%
After-tax NPV (5%):	\$29.2 million
After-tax IRR	27%

Initial Capital	\$21.5 million
Sustaining Capital	\$21.4 million
Pre-tax Payback Period	3.5 years
Life of Mine ("LOM") Operating Cost	\$821/ounce ("oz") gold ("Au")
All-in Sustaining Cost <sup>1</sup>	\$891/oz
Ore Mined	1, 787,295; tonnes ("t")
Avg. Mineable Ore grade	4.82 grams per tonne ("g/t") Au
Development Rock Mined (additional mineralized rock)	666,253 t
Avg. Development Rock grade	1.31 g/t Au
Initial LOM (includes bulk sample) <sup>2</sup>	8.5 years
Total Gold (extracted in initial phase) <sup>3</sup>	305,058 oz
Total Gold Recovery	93%
Avg. Annual Recovered Au Production	40,500 oz
Gross Revenue to Operation	\$341 million

<sup>1</sup> All-in Sustaining costs are inclusive of LOM Operating Costs and Mine Sustaining Capital Cost as described in the Capital and operating costs highlights section in this release.

<sup>2</sup> Initial LOM includes 1.5 years of pre-production and 7 years of full production.

<sup>3</sup> Total gold ounces are mineral reserve ounces plus development rock ounces.

The Company notes:

1. The PFS includes the ounces contained in the reserve derived from the updated measured and indicated resources of the gold mineralization at Bradshaw and does not include any of the inferred ounces of gold mineralization;
2. Additional mineralization that does not qualify as a reserve for these calculations has been identified in the development rock which is recoverable at a profit by using advanced rock-sorting technology and is expected to generate additional gold production;
3. The PFS is based on using third party mining, milling and refining;
4. The Company plans to use advanced rock-sorting technology to increase gold production beyond the scope for this PFS.

#### Capital and operating cost highlights:

Capital Costs are broken down into two parts. The first includes the capital ("Initial Capital") required to bring the deposit into production and start generating cash flow. If the mine should proceed to production, there is a sustaining capital cost ("Mine Sustaining Capital Cost") to develop the main ramp deeper into the mine over the LOM to complete the access to the reserve.

The costs are based on the construction of a greenfield mine site, contract mining and crushing, and the use of third party existing facilities for milling and refining.

<b>Capital Costs (Millions USD)</b>	
Initial Capital:	
Site Surface Development	10.5
Underground ("UG") Development ("Dev")	10.7
Closure Cost	0.3
<b>Total Initial Capital</b>	<b>21.5</b>
Mine Sustaining Capital Cost (UG Ramp Dev)	21.4
<b>LOM Capital Costs</b>	<b>42.9</b>

<b>Operating Costs (Millions USD)</b>	
Mining:	
Operating Costs	47.7
Level Development Costs	45.4
Owners Costs	25.0
Indirect	41.0
<b>Total Mining</b>	<b>159.1</b>
Toll Milling	39.9
Refining	34.1
Royalties	2.8
<b>LOM Operating Costs</b>	<b>236.0</b>

### **Next Steps**

In parallel with plans to raise financial support to advance the Bradshaw Gold Deposit towards production, Gowest is at an advanced stage of completing the requirements for developing and building the mine. The Company has consulted with the various communities who may be impacted by the development of Bradshaw. It is anticipated that all permits for advanced exploration should be received by the second quarter of 2016.

The Company's primary objective is to advance its Bradshaw gold deposit to development and increase the resource through exploration in the NTGP. The Company also remains open to evaluating other potential opportunities to enhance shareholder value.

The next major step in the mine's development is an advanced exploration program aimed at producing a 30,000 tonne bulk sample from the primary gold zones in the underground mining area at Bradshaw. The Company is in discussion with interested parties for financing this work.

In addition, the Company is reviewing opportunities to increase the resource through exploration on the NTGP.

On a quarterly basis, the management of the Company reviews exploration costs to ensure deferred expenditures include only costs and projects that are eligible for capitalization.

### **Commitments and Contingencies**

The Company is party to a management and a consulting contract. The contract contains clauses requiring additional payments of up to \$456,000 be made upon the occurrence of certain events such as a change of control. As a triggering event has not taken place, the contingent payment has not been reflected in these financial statements.

Subsequent to the year-end, the Company issued a total of \$1,017,742 in flow-through shares. The Company has until December 31, 2016 to expend these amounts on qualifying expenditures. The Company has indemnified the subscribers of current and previous flow-through share offerings against any tax related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments.

The Company is committed to minimum amounts under two operating lease agreements, which expire July 31, 2018 and November 30, 2018. Minimum commitments remaining under this lease are approximately \$338,159, of which \$110,914 are due within one year.

The Company's exploration and evaluation activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.



## Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

## Transactions with Related Parties

Related party transactions conducted in the normal course of operations are measured at the exchange value. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, to similar transactions to non-key management personnel related entities on an arm's length basis.

The remuneration of directors and key management of the Company for the years ended October 31:

	2015	2014
Aggregate cash compensation	\$ 368,000	\$ 339,000
Share based compensation	\$ 246,200	\$ 210,900

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

During the year ended October 31, 2015, officers, directors and insiders exercised 44,512,500 warrants for a value of \$2,670,750. During the year ended October 31, 2015, \$22,000 was paid to two directors for services and expenses. During the year ended October 31, 2014, officers and directors and a former director of the Company subscribed for 4,560,227 units in the private placements for proceeds of \$291,000.

Included in accounts payable and accrued liabilities at October 31, 2015 was \$133,000 (2014 - \$85,500) owing to directors of the Company. These amounts are unsecured, non-interest bearing and due on demand.

## Proposed Transactions

There are no material decisions by the board of directors of the Company with respect to any imminent or proposed transactions that have not been disclosed.

## Critical Accounting Estimates

Critical accounting estimates represent estimates that are highly uncertain and for which changes in those estimates could materially impact the financial statements. (Refer to Note 2(m) of the audited financial statements). The following accounting estimates are critical:

### *Capitalization of exploration and evaluation expenditures*

Management has determined that exploration and evaluation expenditures incurred during the year have future economic benefits and are economically recoverable. In making this judgment, management has assessed various sources of information including but not limited to the geologic and metallurgic information, history of conversion of mineral deposits to proven and probable mineral reserves, scoping and feasibility studies, proximity of operating facilities, operating management expertise and existing permits.

### *Impairment of exploration and evaluation properties*

While assessing whether any indications of impairment exist for exploration and evaluation properties, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and

evaluation properties. Internal sources of information include the manner in which exploration and evaluation properties are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's exploration and evaluation properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation properties.

#### *Share-based payments*

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

#### *Income taxes and recoverability of potential deferred tax assets*

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

#### *Flow-through shares*

The Company periodically finances a portion of its exploration and evaluation activities through the issue of flow through shares, which transfers the tax deductibility of exploration expenditures to the investor (referred to as renunciation). Proceeds received on the issuance of such shares up to the value of similar non-flow through shares are credited to share capital and any difference between that amount and the issue price is recognized as a flow through share premium and recognized as a liability in the statement of financial position. Upon renunciation to the investor of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the liability previously recorded is reversed with any difference being recorded as a deferred tax recovery (expense). To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a recovery on the statement of loss. The related exploration costs are charged to exploration and evaluation properties.

Costs relating to the acquisition, exploration and evaluation of non-producing resource properties are capitalized until such time as either economically recoverable reserves are established or the properties are sold or abandoned. Based on the results at the conclusion of each phase of an exploration program, management re-evaluates properties that are not suitable as prospects to determine if future exploration is warranted, and that carrying values are appropriate. The decision to capitalize exploration expenditures and the timing of the recognition that capitalized exploration is unlikely to have future economic benefits can materially affect the reported earnings of the Company.

## **Change in Accounting Policy**

### *New accounting standards and interpretations adopted in the current year*

The Company has adopted the following new standard, along with any consequential amendments, effective November 1, 2014. These changes were made in accordance with the applicable transitional provisions.

(i) IFRS 2 – Share-based Payment (“IFRS 2”) was amended to clarify the definition of “vesting conditions”, and separately define a “performance condition” and a “service condition”. A performance condition requires the counterparty to complete a specified period of service and to meet a specified performance target during the service period. A service condition solely requires the counterparty to complete a specified period of service. The adoption of this new standard did not have a significant impact on the Company’s financial statements.

(ii) IAS 24 – Related Party Disclosures (“IAS 24”) was amended to clarify that an entity providing key management services to the reporting entity or the parent of the reporting entity is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. The adoption of this new standard did not have a significant impact on the Company’s financial statements.

(iii) IAS 32 – Financial Instruments: Presentation (“IAS 32”) was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The adoption of this new standard did not have a significant impact on the Company’s financial statements.

(iv) IAS 36 – Impairments of Assets (“IAS 36”) was amended by the IASB in May 2013 to clarify the requirements to disclose the recoverable amounts of impaired assets and require additional disclosures about the measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The adoption of this new standard did not have a significant impact on the Company’s financial statements.

### *New accounting standards and interpretations effective in future period(s)*

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning after November 1, 2015 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the list below. The following have not yet been adopted and are being evaluated to determine the impact on the Company.

(i) IFRS 9 – Financial instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

(ii) IFRS 16 – Leases (“IFRS 16”) was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

(iii) IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.

### **Capital Management**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and evaluation of mineral properties. The Board of Directors does not establish a quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended October 31, 2015. The Company is not subject to externally imposed capital requirements.

Refer to Note 3 in the audited financial statements.

### **Risk Considerations**

Gowest's business of exploring for mineral resources involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry. The Company attempts to mitigate these risks and minimize their effects on its financial performance, but there is no guarantee that the Company will be profitable in the future, and Gowest common shares should be considered speculative.

### **Financial Risk Factors**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

### *Liquidity risk*

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity.

All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

The Company will continue to review its ongoing financial requirements to meet continued exploration and evaluation plans.

### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

#### (a) Interest rate risk

The Company has cash and cash equivalents and no interest-bearing debt. The Company's current policy is to invest excess cash in high interest savings accounts and investment-grade certificates of deposit issued by its Canadian financial institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its Canadian financial institutions. Currently, the Company does not hedge against interest rate risk.

#### (b) Foreign currency risk

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

#### (c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, as they relate to gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. As the Company's mineral properties are in the exploration stage, the Company does not hedge against commodity price risk. The Company's long-term investment in Crown Mining Corp. (formerly Crown Gold Corporation) ("Crown") is subject to fair value fluctuations arising from changes in the equity and commodity markets.

### *Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and accounts receivable. Cash and cash equivalents consist of cash, high interest savings accounts and certificates of deposit at select Canadian financial institutions, from which management believes the risk of loss to be remote. Financial instruments included in accounts receivable consist of goods and services tax due from the Federal Government of Canada and receivables from joint venture partners. Management believes that the credit risk concentration with respect to financial instruments included in accounts receivable is remote.

### *Sensitivity analysis*

The Company has designated its cash as held-for-trading, which is measured at fair value. Marketable securities are classified as available-for-sale, which are measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

As at October 31, 2015, the carrying and fair value amounts of the Company's financial instruments are the same.

Based on management's knowledge of and experience with the financial markets, the Company believes the following movements are "reasonably possible" over a twelve month period:

(i) Cash equivalents are subject to floating interest rates. As at October 31, 2015, if interest rates had decreased/increased by 1% with all other variables held constant, the loss for the year ended October 31, 2015 would have not had been significantly impacted.

(ii) The Company's available-for-sale investment in the common shares of Crown is subject to fair value fluctuations. As at October 31, 2015, if the bid price of the common shares of Crown had changed by 10% with all other variables held constant, the other comprehensive income for the year ended October 31, 2015, before tax would not have been significantly impacted.

The Company does not hold any balances in foreign currencies to give rise to exposure to foreign exchange risk.

Commodity price risk is remote since the Company is not a producing entity.

### **Disclosure Controls and Procedures**

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Company's President and Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure.

As at October 31, 2015, Gowest management, with the participation of the President and Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities laws. Based on that evaluation, the President and Chief Executive Officer and the Chief Financial Officer have concluded that, as of the end of the period covered by this management's discussion and analysis, the disclosure controls and procedures were effective to provide reasonable assurance that material information required to be disclosed in the Company's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Company, including the President and Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

### **Internal Control Over Financial Reporting**

Management of the Company is responsible for designing internal control over financial reporting or causing it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with IFRS.

There are inherent weaknesses in the systems of internal control due to the small size of the company and its inability to segregate incompatible functions. The Company plans to remediate this weakness by expanding the number of individuals involved in the accounting function as the company incurs future growth.

### **Outstanding Share Data**

#### *Common Shares:*

The Company has authorized an unlimited number of common shares and 2,000,000 special shares, redeemable, voting and non-participating. The Company has 281,484,738 shares issued and outstanding as of the date hereof.

Gowest shares are traded on the TSX Venture Exchange under the symbol GWA.

#### *Share Purchase Warrants:*

As of the date hereof, the Company has 8,201,210 common share purchase warrants outstanding with a weighted average exercise price of \$0.10 expiring between June 2016 and December 2017.

#### *Stock Options:*

As of the date hereof, the Company has 12,625,000 options outstanding under the Company's stock option plan for employees, directors, officers and directors with a weighted average exercise price of \$0.14 expiring from 2016 to 2020.

### **Additional Information**

Additional information relating to the Company is available on the Internet at the SEDAR website located at [www.sedar.com](http://www.sedar.com) and at <http://www.gowestgold.com/index.html>.

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**GOWEST GOLD LTD.**

**Financial Statements**

**Years ended October 31, 2015 and 2014**

**Expressed in Canadian Dollars**

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# McGovern, Hurley, Cunningham, LLP

Chartered Accountants

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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Gowest Gold Ltd.

We have audited the accompanying financial statements of Gowest Gold Ltd., which comprise the statements of financial position as at October 31, 2015 and 2014, and the statements of operations loss and comprehensive loss, statements of changes in equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Gowest Gold Ltd. as at October 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

McGOVERN, HURLEY, CUNNINGHAM, LLP



Chartered Accountants  
Licensed Public Accountants

TORONTO, Canada  
February 19, 2016

**GOWEST GOLD LTD.**  
**Statements of Financial Position**  
*In Canadian dollars*

<b>ASSETS</b>	<b>October 31, 2015</b>	<b>October 31, 2014</b>
Current assets		
Cash and cash equivalents (Note 5)	\$ 2,391,096	\$ 2,538,587
Amounts receivable and other assets (Note 6)	88,535	112,322
<b>Total current assets</b>	<b>2,479,631</b>	<b>2,650,909</b>
Long term investments (Note 8)	3,000	4,125
Equipment (Note 7)	30,300	42,794
Long term deposit (Note 9)	80,421	-
Exploration and evaluation properties (Note 9)	19,222,424	17,290,969
<b>Total assets</b>	<b>\$ 21,815,776</b>	<b>\$ 19,988,797</b>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 462,159	\$ 524,094
<b>Total current liabilities</b>	<b>462,159</b>	<b>524,094</b>
Deferred income taxes (Note 14)	1,416,000	1,608,000
<b>Total liabilities</b>	<b>1,878,159</b>	<b>2,132,094</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 10)	25,285,316	21,122,150
Reserves (Notes 10 (c) and (d))	1,561,733	3,810,232
	<b>26,847,049</b>	<b>24,932,382</b>
Accumulated deficit	(6,908,307)	(7,075,679)
Accumulated other comprehensive loss (Note 8)	(1,125)	-
	<b>(6,909,432)</b>	<b>(7,075,679)</b>
<b>Total shareholders' equity</b>	<b>19,937,617</b>	<b>17,856,703</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 21,815,776</b>	<b>\$ 19,988,797</b>

**Nature of operations and going concern (Note 1)**  
**Commitments and Contingencies (Notes 9 and 13)**

APPROVED ON BEHALF OF THE BOARD

"Peter Quintiliani" Director

"C. Fraser Elliott" Director

The accompanying notes are an integral part of these financial statements.

**GOWEST GOLD LTD.**  
**Statements of Loss and Comprehensive Loss**  
**For the years ended October 31, 2015 and 2014**  
*In Canadian dollars*

	2015	2014
<b>Operating Expenses</b>		
General and administrative (Note 11)	\$ (1,240,888)	\$ (1,222,710)
Writedown of long term investments (Note 8)	-	(111,375)
Interest and other income	10,258	1,851
<b>Net loss before income taxes</b>	<b>(1,230,630)</b>	<b>(1,332,234)</b>
Deferred income tax recovery (Note 14)	261,000	227,000
<b>Net loss for the year</b>	<b>(969,630)</b>	<b>(1,105,234)</b>
<b>Items that will be reclassified subsequently to income:</b>		
Unrealized loss on securities available for sale	(1,125)	-
Impairment of securities available for sale (Note 8)	-	104,250
<b>Net comprehensive loss for the year</b>	<b>\$ (970,755)</b>	<b>\$ (1,000,984)</b>
<b>Basic and diluted (loss) per share</b>	<b>\$ (0.004)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding</b>	<b>218,623,893</b>	<b>169,871,086</b>

The accompanying notes are an integral part of these financial statements

**GOWEST GOLD LTD.**  
**Statements of Changes in Equity**  
*In Canadian dollars*

Equity attributable to shareholders	Reserves			Accumulated other comprehensive loss	Accumulated deficit	Total equity
	Share Capital	Warrants	Stock options			
<b>Balance at October 31, 2014</b>	<b>\$ 21,122,150</b>	<b>\$ 1,909,859</b>	<b>\$ 1,900,373</b>	<b>\$ -</b>	<b>\$ (7,075,679)</b>	<b>\$ 17,856,703</b>
Warrants exercised	2,817,750	-	-	-	-	2,817,750
Fair value of warrants exercised	1,239,897	(1,239,897)	-	-	-	-
Share issue costs	(6,981)	-	-	-	-	(6,981)
Shares issued for exploration and evaluation properties	112,500	-	-	-	-	112,500
Share-based payment	-	-	197,400	-	-	197,400
Fair value of warrants expired	-	(517,252)	-	-	517,252	-
Fair value of stock options expired	-	-	(688,750)	-	688,750	-
Tax effect of expiration of warrants	-	-	-	-	(69,000)	(69,000)
<b>Net loss and comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,125)</b>	<b>(969,630)</b>	<b>(970,755)</b>
<b>Balance at October 31, 2015</b>	<b>\$ 25,285,316</b>	<b>\$ 152,710</b>	<b>\$ 1,409,023</b>	<b>\$ (1,125)</b>	<b>\$ (6,908,307)</b>	<b>\$ 19,937,617</b>
Balance at October 31, 2013	\$ 18,295,459	\$ 1,165,048	\$ 1,799,513	\$ (104,250)	\$ (6,602,445)	\$ 14,553,325
Issued on private placements	4,200,005	-	-	-	-	4,200,005
Fair value of warrants issued	(1,314,271)	1,314,271	-	-	-	-
Share issue costs	(135,543)	-	-	-	-	(135,543)
Shares issued for compensation	12,500	-	-	-	-	12,500
Shares issued for exploration and evaluation property	30,000	-	-	-	-	30,000
Tax effect of share issue costs	34,000	-	-	-	-	34,000
Share-based payment	-	-	238,400	-	-	238,400
Fair value of warrants expired	-	(569,460)	-	-	569,460	-
Fair value of stock options expired	-	-	(137,540)	-	137,540	-
Tax effect of expiration of warrants	-	-	-	-	(75,000)	(75,000)
<b>Net loss and comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>104,250</b>	<b>(1,105,234)</b>	<b>(1,000,984)</b>
<b>Balance at October 31, 2014</b>	<b>\$ 21,122,150</b>	<b>\$ 1,909,859</b>	<b>\$ 1,900,373</b>	<b>\$ -</b>	<b>\$ (7,075,679)</b>	<b>\$ 17,856,703</b>

The accompanying notes are an integral part of these financial statements.

**GOWEST GOLD LTD.**  
**Statements of Cash Flows**  
*In Canadian dollars*

	October 31, 2015	October 31, 2014
<b>Operating activities</b>		
Net loss for the year	\$ (969,630)	\$ (1,105,234)
Items not affecting cash:		
Amortization	19,184	19,608
Writedown of long term investments	-	111,375
Share-based payments	197,400	238,400
Common shares issued for services	-	12,500
Deferred income taxes	(261,000)	(227,000)
	<b>(1,014,046)</b>	<b>(950,351)</b>
Changes in non-cash working capital items	34,851	129,087
Cash flows from operating activities	<b>(979,195)</b>	<b>(821,264)</b>
<b>Investing activities</b>		
Exploration and evaluation expenditures	(1,976,875)	(1,600,796)
Purchase of equipment	(2,190)	-
Sale of royalty	-	750,000
Cash flows from investing activities	<b>(1,979,065)</b>	<b>(850,796)</b>
<b>Financing activities</b>		
Proceeds from issue of capital stock and warrants	2,817,750	4,200,005
Transaction costs	(6,981)	(135,543)
Cash flows from financing activities	<b>2,810,769</b>	<b>4,064,462</b>
(Decrease) increase in cash and cash equivalents during the year	<b>(147,491)</b>	<b>2,392,402</b>
Cash and cash equivalents, beginning of year	<b>2,538,587</b>	<b>146,185</b>
Cash and cash equivalents, end of year	<b>\$ 2,391,096</b>	<b>\$ 2,538,587</b>
<b>CASH AND CASH EQUIVALENTS ARE COMPOSED OF:</b>		
Cash	\$ 2,370,826	\$ 2,436,530
Cash equivalents	\$ 20,270	\$ 10,207
<b>SUPPLEMENTAL INFORMATION</b>		
Change in non-cash working capital related to exploration and evaluation expenditures	\$ (77,499)	\$ 5,276
Common shares issued for exploration and evaluation expenditures	\$ 112,500	\$ 30,000

The accompanying notes are an integral part of these financial statements.

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**GOWEST GOLD LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**October 31, 2015 and 2014**

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Gowest Gold Ltd. ("Gowest" or the "Company") is in the business of exploring and evaluating properties that it believes contain mineralization that is, or will, in the future, be economically recoverable. To date, the Company has not earned significant revenues from its activities. The address and registered office of the Company is 80 Richmond Street West, Suite 1400, Toronto, Ontario, Canada, M5H 2A4.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that planned exploration and evaluation programs will result in profitable mining operations. The recoverability of the amounts capitalized for exploration and evaluation properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development, and upon future profitable production or proceeds from dispositions of such properties. Changes in future conditions could require material write-downs of the carrying amounts of exploration and evaluation properties.

Although the Company has taken steps to verify title to its property interests, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, aboriginal claims, and noncompliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions and political uncertainty.

The accompanying financial statements have been prepared on the going concern assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Due to continuing operating losses, the Company's ability to continue as a going concern is dependent upon its ability to fund its working capital and exploration requirements and eventually to generate positive cash flows, either from operations or sale of property.

Accordingly, readers are cautioned that these financial statements do not reflect adjustments that would be necessary if the "going concern" basis were not appropriate. Changes in future conditions could require material write downs of the carrying value of certain assets.

These financial statements of the Company were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on February 19, 2016.

**2. SIGNIFICANT ACCOUNTING POLICIES**

*(a) Basis of preparation*

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Committee (IFRIC).

*(b) Foreign currency translation*

The functional currency of Gowest is the Canadian dollar. For the purpose of the financial statements, the results and financial position are expressed in Canadian dollars.

Transactions in currencies, other than the functional currency, are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognised in the statement of loss and comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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**GOWEST GOLD LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**October 31 2015 and 2014**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*(c) Financial instruments*

The Company's financial instruments consist of the following:

<b>Financial assets:</b>	<b>Classification:</b>
Cash	Loans and receivables
Cash equivalents	Fair value through profit or loss ("FVTPL")
Long-term investments	Available for sale

  

<b>Financial liabilities:</b>	<b>Classification:</b>
Amounts payable and accrued liabilities	Other financial liabilities

Loans and receivables:

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

FVTPL

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss.

Available for sale

Available-for-sale investments are non-derivative financial assets that are either designated in this category or not classed in any other categories. Available-for-sale investments are carried at fair value at initial recognition. Changes to the fair value of available-for-sale investments are recognized in other comprehensive income. When available-for-sale investments are sold or impaired, the accumulated fair value adjustments recognized in accumulated other comprehensive income are included in the statement of loss.

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**GOWEST GOLD LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**October 31, 2015 and 2014**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*(c) Financial instruments (continued)*

Other financial liabilities

Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition.

Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been negatively impacted.

Financial instruments recorded at fair value

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of October 31, 2015 and October 31, 2014, other than cash equivalents and the available-for-sale investment, none of the Company's financial instruments are recorded at fair value on the statement of financial position based on their classification.

*(d) Impairment of non-financial assets*

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets are impaired. Where such an indication exists, the recoverable amount of the asset is estimated. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.



**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*(e) Exploration and evaluation expenditures*

The Company is in the exploration and evaluation stage with respect to its investment in exploration and evaluation properties and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and evaluation of its interest in these properties. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. The aggregate costs related to abandoned exploration and evaluation properties are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to an exploration and evaluation property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farm out of the property result in a revised estimate of the recoverable amount but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for interest in exploration and evaluation properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in profit and loss, costs recovered on exploration and evaluation properties when amounts received or receivable are in excess of the carrying amount.

All capitalized exploration and evaluation expenditure is monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration and evaluation expenditures are not expected to be recovered, it is charged to profit and loss. Exploration areas where reserves have been discovered, but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway as planned.

*(f) Cash and cash equivalents*

Cash and cash equivalents in the statements of financial position comprise cash at banks, and guaranteed investment certificates with an original maturity of three months or less, and which are readily convertible into a known amount of cash. The Company's cash and cash equivalents are invested with major financial institutions in business accounts and guaranteed investment certificates that are available on demand by the Company for its programs. The Company does not invest in any asset-backed deposits/investments.

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**GOWEST GOLD LTD.**  
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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*(g) Equipment*

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Amortization is recognized based on the cost of an item of equipment, less its estimated residual value, over its estimated useful life at the following rates:

<b>Detail</b>	<b>Percentage</b>	<b>Method</b>
Vehicle	30%	Declining balance
Furniture and fixtures	20%	Straight line
Computer equipment	30%	Declining balance
Software	30%	Declining balance

An asset's residual value, useful life, and depreciation method are reviewed and adjusted, if appropriate, on an annual basis.

*(h) Provisions*

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

*(i) Share based payment transactions*

The fair value of share based payments to employees and non-employees is recognized as an expense over the vesting period using the graded vesting method with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value of employee share based payments is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest based on an estimate of the forfeiture rate.

Share-based payments granted to non-employees are measured at the fair value of goods received unless that cannot be reasonably estimated in which case the fair value of the share-based payments are used. The measurement date is generally the date the goods or services are received.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*(j) Income taxes*

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in the statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements unless such differences arise from goodwill or the initial recognition (other than in a business combination) of other assets or liabilities in a transaction that affects neither the taxable profit nor the accounting profit or loss. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are presented as non-current. Deferred tax assets and liabilities are offset when there is a legally enforceable right to do so, when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

*(k) Restoration, rehabilitation and environmental obligations*

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration and evaluation of a property interest. Such costs are discounted to their net present value using a risk-free rate and are provided for and expensed as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate and the amount or timing of the underlying cash flows needed to settle the obligation.

The Company has no material restoration, rehabilitation and environmental obligations as at October 31, 2015 and October 31, 2014, as the disturbance, to date, is minimal.

*(l) Loss per share*

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares. The Company's diluted loss per share does not include the effect of stock options and warrants as they are anti-dilutive.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*(m) Significant accounting judgments and estimates*

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. The impact of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

Capitalization of exploration and evaluation expenditures

Management has determined that exploration and evaluation expenditures incurred during the year have future economic benefits and are economically recoverable. In making this judgment, management has assessed various sources of information including but not limited to the geologic and metallurgic information, history of conversion of mineral deposits to proven and probable mineral reserves, scoping and feasibility studies, proximity of operating facilities, operating management expertise and existing permits.

Impairment of exploration and evaluation properties

While assessing whether any indications of impairment exist for exploration and evaluation properties, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation properties. Internal sources of information include the manner in which exploration and evaluation properties are being used or are expected to be used and indications of expected economic performance of the assets. Estimates may include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's exploration and evaluation properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation properties.

Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*(m) Significant accounting judgments and estimates (continued)*

Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

Contingencies – Refer to Note 13

Going concern – Refer to Note 1

*(n) Flow-through shares*

The Company periodically finances a portion of its exploration and evaluation activities through the issue of flow through shares, which transfers the tax deductibility of exploration expenditures to the investor (referred to as renunciation). Proceeds received on the issuance of such shares up to the value of similar non-flow through shares are credited to share capital and any difference between that amount and the issue price is recognized as a flow through share premium and recognized as a liability in the statement of financial position. Upon renunciation to the investor of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the liability previously recorded is reversed with any difference being recorded as a deferred tax recovery (expense). To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a recovery on the statement of loss. The related exploration costs are charged to exploration and evaluation properties.

*(o) New accounting standards and interpretations adopted in current year*

The Company has adopted the following new standard, along with any consequential amendments, effective November 1, 2014. These changes were made in accordance with the applicable transitional provisions.

(i) IFRS 2 – Share-based Payment (“IFRS 2”) was amended to clarify the definition of “vesting conditions”, and separately define a “performance condition” and a “service condition”. A performance condition requires the counterparty to complete a specified period of service and to meet a specified performance target during the service period. A service condition solely requires the counterparty to complete a specified period of service. The adoption of this new standard did not have a significant impact on the Company's financial statements.

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**GOWEST GOLD LTD.**  
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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*(o) New accounting standards and interpretations adopted in current year (continued)*

(ii) IAS 24 – Related Party Disclosures (“IAS 24”) was amended to clarify that an entity providing key management services to the reporting entity or the parent of the reporting entity is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. The adoption of this new standard did not have a significant impact on the Company’s financial statements.

(iii) IAS 32 – Financial Instruments: Presentation (“IAS 32”) was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The adoption of this new standard did not have a significant impact on the Company’s financial statements.

(iv) IAS 36 – Impairments of Assets (“IAS 36”) was amended by the IASB in May 2013 to clarify the requirements to disclose the recoverable amounts of impaired assets and require additional disclosures about the measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The adoption of this new standard did not have a significant impact on the Company’s financial statements.

*(p) New accounting standards and interpretations effective in future period*

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning after November 1, 2015 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the list below. The following have not yet been adopted and are being evaluated to determine the impact on the Company.

(i) IFRS 9 – Financial instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

(ii) IFRS 16 – Leases (“IFRS 16”) was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

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**GOWEST GOLD LTD.**  
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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*(p) New accounting standards and interpretations effective in future period (continued)*

(iii) IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.

**3. CAPITAL MANAGEMENT**

When managing capital, the Company’s objective is to ensure the entity continues as a going concern as well as to achieve optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and evaluation of its properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company’s management team to sustain the future development of the business. The Company considers its capital to be shareholders’ equity, which comprises share capital, reserves, accumulated deficit and accumulated other comprehensive loss, which at October 31, 2015, totalled \$19,937,617 (October 31, 2014 - \$17,856,704).

The properties in which the Company currently has an interest are in the exploration and evaluation stage. As such the Company is dependent on external financing to fund its activities. In order to carry out its planned exploration programs and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts when economic conditions permit it to do so.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by:

- (i) minimizing discretionary disbursements;
- (ii) reducing or eliminating exploration expenditures that are of limited strategic value; and
- (iii) exploring alternative sources of liquidity.

In light of the above, the Company will attempt to explore and evaluate its properties, assess new properties and seek to acquire an interest in additional properties if the Company believes there is sufficient potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes in the Company’s approach to capital management during the years ended October 31, 2015 and 2014.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange (“TSXV”) which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

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**GOWEST GOLD LTD.**  
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**4. FINANCIAL RISK FACTORS**

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk (including interest rate risk, foreign currency risk and commodity and equity price risk). Financial risk management is carried out by the Company's management team with guidance from the Board of Directors.

(i) Credit risk

The Company's credit risk is primarily attributable to cash and cash equivalents. Cash and cash equivalents consist of cash, high interest savings accounts and certificates of deposit at select Canadian financial institutions, from which management believes the risk of loss to be remote. Management believes that the credit risk concentration with respect to the financial instruments included in cash and cash equivalents is remote.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As of October 31, 2015, the Company had cash, cash equivalents and amounts receivable of \$2,479,631 (October 31, 2014 - \$2,650,909) to settle accounts payable and accrued liabilities of \$462,159 (October 31, 2014 - \$524,094). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity. As discussed in Note 1, the Company's ability to continually meet its obligations and carry out its planned exploration and evaluation activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing.

(iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices.

(a) Interest rate risk

The Company has cash and cash equivalents and no interest-bearing debt. The Company's current policy is to invest excess cash in high interest savings accounts and investment-grade certificates of deposit issued by its Canadian financial institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its Canadian financial institutions. Currently, the Company does not hedge against interest rate risk.

(b) Foreign currency risk

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.



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**4. FINANCIAL RISK FACTORS (CONTINUED)**

(c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, as they relate to gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. As the Company's mineral properties are in the exploration stage, the Company does not hedge against commodity price risk. The Company's long-term investment in Crown Mining Corp. (formerly Crown Gold Corporation) ("Crown") is subject to fair value fluctuations arising from changes in the equity and commodity markets.

**Sensitivity analysis**

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve month period:

(i) Cash equivalents are subject to floating interest rates. As at October 31, 2015, if interest rates had decreased/increased by 1% with all other variables held constant, the loss for the year ended October 31, 2015 would have not had been significantly impacted.

(ii) The Company's available-for-sale investment in the common shares of Crown is subject to fair value fluctuations. As at October 31, 2015, if the bid price of the common shares of Crown had changed by 10% with all other variables held constant, the other comprehensive income for the year ended October 31, 2015, before tax would not have been significantly impacted.

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at October 31, 2015 and October 31, 2014:

<b>October 31, 2015</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Cash equivalents</b>	\$ -	\$ 20,270	\$ -	\$ 20,270
<b>Long-term investments:</b>				
- Investment in a public company	3,000	-	-	3,000
	<b>\$ 3,000</b>	<b>\$ 20,270</b>	<b>\$ -</b>	<b>\$ 23,270</b>
<b>October 31, 2014</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash equivalents	\$ -	\$ 10,207	\$ -	\$ 10,207
Long-term investments:				
- Investment in a public company	4,125	-	-	4,125
	<b>\$ 4,125</b>	<b>\$ 10,207</b>	<b>\$ -</b>	<b>\$ 14,332</b>

**GOWEST GOLD LTD.**  
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**5. CATEGORIES OF FINANCIAL INSTRUMENTS**

	As at October 31, 2015	As at October 31, 2014
<b>Financial assets:</b>		
FVTPL		
Cash equivalents	\$ 20,270	\$ 10,207
Loans and receivables		
Cash	2,370,826	2,528,380
Total Cash and cash equivalents	2,391,096	2,538,587
Available for sale financial asset	3,000	4,125
<b>Financial liabilities:</b>		
Other financial liabilities		
Amounts payable and accrued liabilities	\$ 462,159	\$ 524,094

As at October 31, 2015, and October 31, 2014, the fair value of the Company's loans and receivables and other financial liabilities approximate their estimated carrying values, due to their short-term nature.

**6. AMOUNTS RECEIVABLE AND OTHER ASSETS**

	As at October 31, 2015	As at October 31, 2014
Amounts receivable	\$ 56,452	\$ 94,829
Prepaid expenses	32,083	17,493
	\$ 88,535	\$ 112,322

**GOWEST GOLD LTD.**  
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**7. EQUIPMENT**

<b>Cost</b>	<b>Computer Equipment</b>	<b>Furniture</b>	<b>Vehicles</b>	<b>Software</b>	<b>Total</b>
Balance, October 31, 2013	\$ 6,536	\$ 26,441	\$ 96,491	\$ 63,174	\$ 192,642
Additions	-	-	-	-	-
Balance, October 31, 2014	6,536	26,441	96,491	63,174	192,642
<b>Additions</b>	<b>2,190</b>	-	-	-	<b>2,190</b>
<b>Balance, October 31, 2015</b>	<b>\$ 8,726</b>	<b>\$ 26,441</b>	<b>\$ 96,491</b>	<b>\$ 63,174</b>	<b>\$ 194,832</b>

<b>Accumulated amortization</b>	<b>Computer Equipment</b>	<b>Furniture</b>	<b>Vehicles</b>	<b>Software</b>	<b>Total</b>
Balance, October 31, 2013	\$ 4,580	\$ 17,487	\$ 66,880	\$ 41,293	\$ 130,240
Additions	524	5,289	7,933	5,862	19,608
Balance, October 31, 2014	5,104	22,776	74,813	47,155	149,848
<b>Additions</b>	<b>970</b>	<b>3,665</b>	<b>5,757</b>	<b>4,292</b>	<b>14,684</b>
<b>Balance, October 31, 2015</b>	<b>\$ 6,074</b>	<b>\$ 26,441</b>	<b>\$ 80,570</b>	<b>\$ 51,447</b>	<b>\$ 164,532</b>

<b>Carrying value</b>	<b>Computer Equipment</b>	<b>Furniture</b>	<b>Vehicles</b>	<b>Software</b>	<b>Total</b>
Balance, October 31, 2013	\$ 1,956	\$ 8,954	\$ 29,611	\$ 21,881	\$ 62,402
Balance, October 31, 2014	\$ 1,432	\$ 3,665	\$ 21,678	\$ 16,019	\$ 42,794
<b>Balance, October 31, 2015</b>	<b>\$ 2,652</b>	<b>\$ -</b>	<b>\$ 15,921</b>	<b>\$ 11,727</b>	<b>\$ 30,300</b>

**8. LONG-TERM INVESTMENTS**

	<b>Cost</b>	<b>Write-down</b>	<b>Accumulated Other comprehensive income adjustment</b>	<b>October 31, 2015 estimated fair value</b>	<b>October 31, 2014 estimated fair value</b>
Long term Investment					
Crown Mining Corp - common shares <sup>(1)</sup>	\$ 115,500	\$ (111,375)	\$ (1,125)	\$ 3,000	\$ 4,125

(1) 75,000 common shares of Crown. Crown consolidated its common shares on a basis of 10 pre-consolidated shares for each post-consolidation share on May 29, 2014. At October 31, 2014, it was determined that the Company's investment in the shares of Crown were impaired, and the unrealized losses in accumulated other comprehensive income, along with the loss for 2014, were reallocated to the statement of loss for the year ended October 31, 2014.

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**9. EXPLORATION AND EVALUATION PROPERTIES**

October 31, 2015	Acquisition Cost	Exploration and Evaluation	Option Payments Received	Net Book Value
Frankfield Property <sup>(i)(ii)(iii)</sup>	\$ 1,263,575	\$ 15,863,021	\$ -	\$ 17,126,596
Pipestone Property <sup>(iv)</sup>	201,500	896,794	-	1,098,294
Tully Property <sup>(v)(vi)</sup>	69,458	818,817	-	888,275
Whitney Property <sup>(vii)</sup>	126,059	60,768	(77,568)	109,259
	<b>\$ 1,660,592</b>	<b>\$ 17,639,400</b>	<b>\$ (77,568)</b>	<b>\$ 19,222,424</b>

  

October 31, 2014	Acquisition Cost	Exploration and Evaluation	Option Payments Received	Net Book Value
Frankfield Property <sup>(i) (ii)(iii)</sup>	\$ 1,263,575	\$ 14,104,102	\$ -	\$ 15,367,677
Pipestone Property <sup>(iv)</sup>	164,000	873,330	-	1,037,330
Tully Property <sup>(v) (vii)</sup>	69,458	816,504	-	885,962
Whitney Property <sup>(vii)</sup>	16,800	60,768	(77,568)	-
	<b>\$ 1,513,833</b>	<b>\$ 15,854,704</b>	<b>\$ (77,568)</b>	<b>\$ 17,290,969</b>

On December 13, 2013, the Company received a \$750,000 cash payment on the sale of a 1% gross royalty interest on future gold production from the Company's North Timmins gold project which is comprised of the Frankfield, Pipestone and Tully Properties.

During the year ended October 31, 2015, the Company placed a financial assurance of \$80,421 with the Ministry of Northern Development and Mines for the Bradshaw project advanced exploration closure plan, which is refundable once certain conditions are met.

**Frankfield Property**

(i) On March 6, 2009, Gowest acquired a 100% interest in the Frankfield project in Ontario. In consideration for New Texmont Exploration Ltd's ("New Texmont") 50% interest in the Frankfield project, the Company issued 15,000,000 common shares to New Texmont and also granted New Texmont a sliding scale Net Smelter Royalty (the "NSR") equal to 1% at gold prices less than US\$950 per ounce and 1.5% at gold prices equal to or greater than US\$950 per ounce. The Company may purchase the NSR at any time upon payment of \$1,000,000 for each half percent (0.5%) of the NSR and will have a right of first refusal on any offer to purchase the NSR made by a third party. The Company will also make a one-time payment to New Texmont equal to the greater of \$500,000 or 2,500,000 common shares of the Company upon a positive decision by the Company to place a mine into production and subject to satisfactory financing being committed to fully fund such mine development. As the triggering events have not occurred, these amounts have not been reflected in these financial statements. In March 2014, the Company finalized an agreement to acquire two additional mining leases and claim units adjacent to the Bradshaw Gold Deposit, pursuant to the terms and conditions of the original purchase agreement from New Texmont. Effective January 30, 2015, the NSR has been transferred, under the same terms, to SPG Royalties Inc. Subsequent to October 31, 2015, the Company purchased the NSR with one-time payment for consideration of the issuance of 10,000,000 common shares (estimated grant date fair value of \$800,000 based on the quoted market price of the Company's shares) at a deemed price of \$0.10. See Subsequent Event Note 15.

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**GOWEST GOLD LTD.**  
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**9. EXPLORATION AND EVALUATION PROPERTIES (CONTINUED)**

On December 23, 2009, the Company announced it had entered into a definitive agreement with Goldcorp Canada Ltd. and Goldcorp Inc. (collectively "Goldcorp"), for the purchase of Goldcorp's properties in Tully Township adjacent to the Company's 100% owned Frankfield Project. Consideration for this acquisition included a 2% NSR derived from future production specifically from the Goldcorp leased claims, a 1% NSR derived from future production specifically from the Goldcorp unpatented claims and \$100,000 in cash (paid). The Company will maintain an NSR buyout option for both the Goldcorp leased claims and Goldcorp unpatented claims valued at \$500,000 for each 0.5% of the desired NSR. Goldcorp may elect not to sell the final 0.5% portion of its NSR. The transaction with Goldcorp was completed on February 12, 2010.

(ii) On December 1, 2010, the Company announced that it had completed its acquisition of a 100% interest in the Dowe property in Tully Township, Ontario adjacent to the Company's 100% owned Frankfield Gold Property. In consideration for this acquisition, the Company paid \$16,000 in cash, issued 70,000 common shares (estimated grant date fair value of \$18,200 based on the quoted market price of the Company's shares) of the Company and agreed to a 0.5% NSR at gold prices of less than US\$950 per ounce or 0.75% NSR at gold prices equal to or greater than US\$950 per ounce. The Company maintains an NSR buyout option valued at \$125,000 for each 0.25% of the NSR.

(iii) On June 26, 2014, the Company completed the acquisition of an autoclave pressure vessel for a cash consideration of \$204,967.

Pipestone Property

(iv) On April 26, 2011, the Company announced that it entered into an option and joint venture agreement (the "Option Agreement") with Transition Metals Corp. ("TMC") to explore and earn an interest in an additional 3,400 hectares in the Porcupine mining district in Ontario (the "Pipestone Property"). The Company can earn an initial 60% interest in the Pipestone Property by expending \$1,000,000 on the property over a period of three years (subsequently amended on Feb 3, 2014 to a period of four years as noted below). The Company paid \$100,000 cash and agreed to issue 400,000 common shares (100,000 issued and 300,000 to be issued on or before April 25, 2014) to TMC in order to acquire the initial interest. Upon earning an initial 60% interest in the Pipestone Property, Gowest may elect to earn an additional 15% interest in the Pipestone Property (bringing the total interest to 75%) by issuing to TMC an additional 150,000 common shares and expending an additional \$2,000,000 on the Pipestone Property over a period of two years. Upon earning either a 60% or 75% interest, as applicable, a joint venture will automatically be formed between Gowest and TMC, pursuant to which the companies will continue to explore and develop the Pipestone Property as warranted. Should either party's joint venture interest be diluted below 10%, its interest will be converted to a 2% NSR.

On February 3, 2014, the Company and TMC amended the Option Agreement to provide a one year extension for the Company to meet the expenditure requirement as noted above for consideration of an additional 100,000 common shares of the Company.

On August 25, 2015, the Company issued 500,000 common shares (valued at \$37,500 based on the quoted market price of the Company's shares) to TMC for a further one-year extension of its Option Agreement.

In accordance with the twice amended Option Agreement, the Company has paid \$100,000 in cash and issued 1,000,000 common shares (estimated grant date fair value of \$101,500 based on the quoted market price of the Company's shares) of the Company.

Tully Property

(v) On April 15, 2011, the Company purchased a property in the Township of Tully, Ontario (the "Tully Property") for \$10,333 and issued 25,000 common shares (estimated grant date fair value of \$9,125 based on the quoted market price of the Company's shares) of the Company.

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**9. EXPLORATION AND EVALUATION PROPERTIES (CONTINUED)**

(vi) On July 27, 2012, the Company acquired the Tully East Guidoccio Property in the Township of Tully, Ontario by issuing 200,000 common shares (estimated grant date fair value of \$25,000 based on the quoted market price of the Company's shares) of the Company.

Whitney Property

(vii) The Company has a 100% interest in 9 patented claims in Whitney Township, Ontario.

The Company had a historic interest in 5 patented claims and on July 22, 2015, the Company entered into an agreement to acquire a 100% interest in 4 additional patented claims from Crown for shares and cash. In accordance with the terms of the agreement, the Company has paid \$25,000 in cash and issued 1,000,000 common shares (estimated grant date fair value of \$75,000 based on the quoted market price of the Company's shares) of the Company on August 25, 2015.

**10. SHARE CAPITAL**

(a) Authorized capital

The number of authorized common shares is unlimited  
2,000,000 special shares, redeemable, voting, non-participating

(b) Issued common shares

	<b>No. of Shares</b>	<b>Amount</b>
Balance, October 31, 2013	158,431,091	\$ 18,295,459
Private placement (i)(iii)(iv) (v)	53,763,727	4,200,005
Share issue costs	-	(135,543)
Fair value of warrants issued (i)(iii)(iv) (v)	-	(1,314,271)
Shares issued for compensation	250,000	12,500
Shares issued for exploration and evaluation properties (ii)	400,000	30,000
Tax effect of share issue costs	-	34,000
Balance, October 31, 2014	212,844,818	\$ 21,122,150
Shares issued upon exercise of warrants (vii)	46,962,500	2,817,750
Fair value of warrants exercised	-	1,239,897
Shares issued for exploration and evaluation properties (vi)	1,500,000	112,500
Share issue costs	-	(6,981)
Balance, October 31, 2015	261,307,318	\$ 25,285,316

(i) On December 31, 2013, the Company completed a private placement for aggregate proceeds of \$200,005. Pursuant to the offering, the Company issued and sold; (i) 1,400,000 units, at a price of \$0.05 per unit, for gross proceeds of \$70,000; and (ii) 2,363,727 flow-through units, at a price of \$0.055 per flow-through unit, for gross proceeds of \$130,005. Each unit and flow-through unit was comprised of one common share and one common share purchase warrant. Each warrant is exercisable to acquire one common share of the Company at a price of \$0.08 to December 31, 2015.

The grant date fair value of \$61,183 was assigned to the 3,763,727 warrants issued as part of the offering as estimated by using the Black-Scholes valuation model with the following assumptions: expected dividend yield of 0%, expected volatility 122%, risk-free rate of return 1.13% and an expected life of 2 years.

(ii) On February 24, 2014, the Company issued 400,000 common shares (estimated grant date fair value of \$30,000 based on the quoted market price of the Company's shares) to Transition Metals Corp. in respect of the Option Agreement and the amendment extending the terms of the earn-in period to April 25, 2015.

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**GOWEST GOLD LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**10. SHARE CAPITAL (CONTINUED)**

(b) Issued common shares (continued)

(iii) On June 23, 2014, the Company completed a private placement for aggregate proceeds of \$921,000. Pursuant to the offering, the Company issued and sold 11,512,500 units, at a price of \$0.08 per unit. Each unit comprised of one common share and one common share purchase warrant. Each warrant is exercisable to acquire one common share of the Company at a price of \$0.11 to June 23, 2016.

The grant date fair value of \$310,838 was assigned to the 11,512,500 warrants issued as part of the offering as estimated by using the Black-Scholes valuation model with the following assumptions: expected dividend yield of 0%, expected volatility 127%; risk-free rate of return 1.10% and an expected life of 2 years.

(iv) On July 11, 2014, the Company completed a private placement for aggregate proceeds of \$179,000. Pursuant to the offering, the Company issued and sold 2,237,500 units, at a price of \$0.08 per unit. Each unit comprised of one common share and one common share purchase warrant. Each warrant is exercisable to acquire one common share of the Company at a price of \$0.11 to July 11, 2016.

The grant date fair value of \$58,175 was assigned to the 2,237,500 warrants issued as part of the offering as estimated by using the Black-Scholes valuation model with the following assumptions: expected dividend yield of 0%, expected volatility 126%; risk-free rate of return 1.10% and an expected life of 2 years.

(v) On September 30, 2014, the Company completed a private placement for aggregate proceeds of \$2,900,000. Pursuant to the offering, the Company issued and sold 36,250,000 units, at a price of \$0.08 per unit. Each unit comprised of one common share and one common share purchase warrant. Each warrant is exercisable to acquire one common share of the Company at a price of \$0.11 to September 30, 2016.

The grant date fair value of \$952,034 was assigned to the 36,250,000 warrants issued as part of the offering as estimated by using the Black-Scholes valuation model with the following assumptions: expected dividend yield of 0%, expected volatility 128%; risk-free rate of return 1.13% and an expected life of 2 years.

(vi) On August 25, 2015, the Company issued 1,000,000 common shares (estimated grant date fair value of \$75,000 based on the quoted market price of the Company's shares) and paid \$25,000 in cash to Crown Mining Corp. for 4 patented claims located in Whitney Township and issued 500,000 common shares (estimated grant date fair value of \$37,500 based on the quoted market price of the Company's shares) to Transition Metals Corp. for a one-year extension of its option and joint venture agreement.

(vii) During September and October 2015, 46,962,500 common shares were issued upon exercise of warrants at an exercise price of \$0.06, which had an original exercise price of \$0.11.

(c) Stock options

The Company has an incentive stock option plan that allows it to grant options to its employees, directors and consultants. The plan received shareholder re-approval on April 16, 2015. The plan allows the Company to grant options to acquire up to 10% of the issued and outstanding common shares. The plan provides that the exercise price of an option granted under the plan shall not be less than the market price at the time of granting the option. Options have a maximum term of 5 years, vest immediately upon issue, unless otherwise stated and terminate on the 30th day after the optionee ceases to be any of an employee, director or consultant of the Company.

**GOWEST GOLD LTD.**  
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**10. SHARE CAPITAL (CONTINUED)**

(c) Stock options (continued)

The following table reflects the continuity of options as of October 31, 2015:

	Number of options	Weighted average exercise price (\$)
Balance, October 31, 2013	9,720,000	0.23
Granted <sup>(i)(ii)</sup>	3,675,000	0.08
Expired	(1,495,000)	0.15
Balance, October 31, 2014	11,900,000	0.19
Granted <sup>(iii)(iv)</sup>	3,500,000	0.08
Expired	(2,610,000)	0.28
Balance, October 31, 2015	12,790,000	0.14

(i) On February 28, 2014, the Company granted 3,275,000 options to purchase common shares at a price of \$0.08 per share for a period of five years, vested immediately. The fair value of the 3,275,000 options was estimated to be \$209,600 using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 131.42%; risk-free interest rate of 1.62% and an expected life of 5 years.

(ii) On September 30, 2014, the Company granted 400,000 options to purchase common shares at a price of \$0.085 per share for a period of five years, vested immediately. The fair value of the 400,000 options was estimated to be \$28,800 using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 111.67%; risk-free interest rate of 1.63% and an expected life of 5 years.

(iii) On November 7, 2014, the Company granted 400,000 options to purchase common shares at a price of \$0.085 per share for a period of five years, vested immediately. The fair value of the 400,000 options was estimated to be \$28,000 using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 116.15%; risk-free interest rate of 1.52% and an expected life of 5 years.

(iv) On June 22, 2015, the Company granted 3,100,000 options to purchase common shares at a price of \$0.08 per share for a period of five years, of which 3,000,000 vested immediately and 100,000 vest over four quarters. The fair value of the 3,100,000 options was estimated to be \$173,600 using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 117.26%; risk-free interest rate of 0.99% and an expected life of 5 years.

During the year ended October 31, 2015, \$197,400 (October 31, 2014 - \$238,400) was recorded as share-based payment in the statement of loss. The weighted average remaining contractual life of the options outstanding at October 31, 2015 was 2.80 years (October 31, 2014 – 2.68 years).



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**10. SHARE CAPITAL (CONTINUED)**

(c) Stock options (continued)

The following table reflects the options issued and outstanding as of October 31, 2015:

<b>Expiry Date</b>	<b>Exercise price (\$)</b>	<b>Number of Options Outstanding</b>	<b>Number of Options Exercisable</b>
November 3, 2015	0.24	165,000	165,000*
February 25, 2016	0.325	1,650,000	1,650,000
June 6, 2016	0.36	400,000	400,000
December 19, 2016	0.25	650,000	650,000
May 9, 2017	0.19	400,000	400,000
January 14, 2018	0.12	200,000	200,000
March 1, 2018	0.12	2,375,000	2,375,000
February 28, 2019	0.08	3,050,000	3,050,000
September 30, 2019	0.085	400,000	400,000
November 7, 2019	0.085	400,000	400,000
June 22, 2020	0.08	3,100,000	3,050,000
		12,790,000	12,740,000

\*Expired subsequent to October 31, 2015.

(d) Warrants

The following table reflects the continuity of warrants as of October 31, 2015:

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price (\$)</b>
Balance, October 31, 2013	27,534,192	0.18
Issued	53,763,727	0.11
Expired	(12,797,490)	0.22
Balance, October 31, 2014	68,500,429	0.18
Expired	(14,661,702)	0.14
Exercised	(46,962,500)	0.06
Balance, October 31, 2015	6,876,227	0.10

**GOWEST GOLD LTD.**  
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**10. SHARE CAPITAL (CONTINUED)**

(d) Warrants (continued)

The following table reflects the warrants issued and outstanding as of October 31, 2015:

Number of Warrants	Exercise Price (\$)	Grant Date Fair Value (\$)	Expiry Date
3,763,727	0.08	61,183	December 31, 2015*
25,000	0.25	2,125	December 2, 2016
25,000	0.25	5,250	December 6, 2016
25,000	0.25	3,000	December 6, 2016
1,925,000	0.11	52,226	June 23, 2016
1,112,500	0.11	28,926	July 11, 2016
6,876,227		152,710	

\* Expired subsequent to October 31, 2015.

**11. GENERAL AND ADMINISTRATIVE**

	2015	2014
General and administrative	\$ 748,805	\$ 661,673
Professional fees	120,064	113,803
Investor relations	92,643	134,472
Shareholder communications	43,152	36,432
Share-based payments	197,400	238,400
Transfer agent and exchange fees	19,640	18,322
Amortization	19,184	19,608
	\$ 1,240,888	\$ 1,222,710

**12. RELATED PARTY TRANSACTIONS**

The remuneration of directors and key management of the Company for the year ended October 31 is as follows:

	2015	2014
Aggregate cash compensation	\$ 368,000	\$ 339,000
Share based compensation	246,200	210,900

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. Independent non-executive directors are not remunerated other than the benefits received, if any, from the granting of stock options. Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

During the year ended October 31, 2015, officers, directors and insiders exercised 44,512,500 warrants for a value of \$2,670,750. During the year ended October 31, 2014, officers and directors and a former director of the Company subscribed for 4,560,227 units in the private placements for proceeds of \$291,000. During the year ended October 31, 2015, \$22,000 was paid to two directors for services and expenses.

Included in accounts payable and accrued liabilities at October 31, 2015 was \$133,000 (2014 - \$85,500) owing to directors of the Company. These amounts are unsecured, non-interest bearing and due on demand.

**GOWEST GOLD LTD.**  
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**13. COMMITMENTS AND CONTINGENCIES**

The Company is party to a management and a consulting contract. The contract contains clauses requiring additional payments of up to \$456,000 be made upon the occurrence of certain events such as a change of control. As a triggering event has not taken place, the contingent payment has not been reflected in these financial statements.

Subsequent to October 31, 2015, the Company issued a total of \$1,017,742 in flow-through shares. The Company has until December 31, 2016 to expend these amounts on qualifying expenditures. The Company has indemnified the subscribers of current and previous flow-through share offerings against any tax related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments.

The Company is committed to minimum amounts under two operating lease agreements for premises, which expire on July 31, 2018 and November 30, 2018. Minimum commitments remaining under this lease are approximately \$338,159, of which \$110,914 are due within one year.

The Company's exploration and evaluation activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

**14. INCOME TAXES**

The following table reflects the major items causing the Company's income tax recovery to differ from the Canadian combined federal and provincial statutory rate of 26.5% (2014 – 26.5%).

	2015 \$	2014 \$
Loss before income taxes	(1,230,630)	(1,332,234)
Expected income tax (recovery) at statutory rates	(326,000)	(353,000)
Adjustment to expected income tax benefit:		
Stock-based compensation	52,000	63,000
Non-deductible amounts for tax purposes	1,000	1,000
Flow-through renunciation	-	102,000
Other	12,000	(40,000)
Deferred income tax (recovery)	(261,000)	(227,000)

The following table reflects deferred income tax assets (liabilities):

	2015 \$	2014 \$
Non-capital losses	417,000	414,000
Exploration and evaluation properties	(1,960,000)	(2,215,000)
Unclaimed share issue costs	78,000	147,000
Other temporary differences	49,000	46,000
Net deferred income tax (liabilities)	(1,416,000)	(1,608,000)

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**GOWEST GOLD LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**October 31, 2015 and 2014**

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**14. INCOME TAXES (CONTINUED)**

The Company has approximately \$11,381,000 of Canadian development and exploration expenditures as at October 31, 2015, which under certain circumstances can be used to reduce the taxable income of future years. The Company has also incurred non-capital losses for income tax purposes of approximately \$1,668,000 at October 31, 2015 which under certain circumstances can be used to reduce the taxable income of future years. These non-capital losses expire as follows:

<u>Year of Expiry</u>	<u>Amount</u>
2027	\$ 82,000
2028	196,000
2029	483,000
2030	153,000
2031	310,000
2033	310,000
2034	123,000
2035	11,000
	<u>\$1,668,000</u>

**15. SUBSEQUENT EVENTS**

On November 3, 2015, 165,000 stock options expired unexercised.

On December 4, 2015, the Company announced that it had purchased the 1.5% net smelter return royalty held by the SPG Royalties Inc. on the Company's Frankfield Property. As consideration for the purchase, the Company issued 10,000,000 common shares of the Company (estimated grant date fair value of \$800,000 based on the quoted market price of the Company's shares) at a deemed value of \$0.10 per common share.

On December 22, 2015, the Company announced that it closed a non-brokered private placement of 10,177,420 flow-through units of the Company at a price of \$0.10 per unit for gross proceeds of \$1,017,742. Each unit is comprised of one common share and one-half of one common share purchase warrant with each warrant exercisable at a price of \$0.15 per warrant until December 22, 2017. A director of the Company subscribed for 500,000 units in the private placements for proceeds of \$50,000.

On December 31, 2015, 3,763,727 warrants to purchase common shares expired unexercised.