

GOWEST GOLD LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED JULY 31, 2012

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 nine months ended July 31, 2012. 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 consolidated financial statements for the years ended October 31, 2011 and October 31, 2010 and the unaudited condensed interim financial statements for the three and nine months ended July 31, 2012, 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").

On November 1, 2011, Gowest adopted International Financial Reporting Standards ("IFRS"). The unaudited condensed interim financial statements for the three and nine months ended July 31, 2012, have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"), and using accounting policies consistent with IFRS. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Readers of this MD&A should refer to "Change in Accounting Policies" below for a discussion of IFRS and its effect on the Company's financial presentation.

The comparative financial information of fiscal year 2011 in this MD&A has been restated to conform to IFRS, unless otherwise stated.

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 twelve-month period ending July 31, 2013, or the foreseeable future; the plans, costs, timing and capital for future exploration and development 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 and development industry, 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 development 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 September 28, 2012.

Description of the Business and Going Concern

Gowest is an exploration and development stage mining company engaged in the exploration, development and acquisition of precious metals mineral properties, with a focus on the exploration and development of its Frankfield East gold deposit. The Company’s main asset is the North Timmins Gold Project (“NTGP”), which includes its 100% interest in the Frankfield East deposit, located near Timmins, Ontario. The Timmins Gold Camp has been a substantial producer of gold since its discovery in the early 1900s.

The Company’s primary objective is to advance its Frankfield East deposit to production. It also intends to continue to explore areas surrounding the Frankfield East deposit along the Pipestone fault for additional resource opportunities. The Company also evaluates from time to time potential opportunities to enhance shareholder value.

In June 2011, the Company announced a significant increase in its estimated resource at the Frankfield East gold deposit from its previous resource of 510,000 inferred ounces (2,400,000 tonnes at a grade of 6.5 g/t Au) to approximately 348,000 ounces of gold in the indicated category (1,621,000 tonnes at a grade of 6.68 g/t Au) and approximately 838,900 ounces of gold in the inferred category (4,342,000 tonnes at a grade of 6.01 g/t Au). The resource estimate was completed by ACA Howe International Limited and reported in accordance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“NI 43-101”) and CIM (Canadian Institute of Mining, Metallurgy and Petroleum) Standards for Mineral Resources and Reserves.

In addition to its focus on the exploration and development of its Frankfield East deposit, the Company is exploring additional gold targets on the remainder of its 6,000 hectare 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 20 kilometres along the Pipestone Fault from the Frankfield East deposit southeast towards the Clavos deposit. The Company regularly evaluates potential acquisition targets in the vicinity of the Pipestone Fault, among other acquisition opportunities.

On April 4, 2011, the name of the Company was changed from Gowest Amalgamated Resources Ltd. to Gowest Gold Ltd. On March 29, 2011, the shareholders of the Company approved the name change at the annual and special meeting of the shareholders.

Gowest, directly and from time to time through joint ventures, is in the business of exploring mineral 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 mineral exploration and is considered to be in the development stage, as defined by CICA Accounting Guideline 11.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that planned exploration and development programs will result in profitable mining operations. 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 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 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 consolidated 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, as described in the following paragraph. 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 unaudited interim consolidated financial statements.

Third Quarter Highlights and Outlook

During the third quarter of 2012, the Company expanded the area of its North Timmins Gold Project ("NTGP") land package by the acquisition of the surface and mineral rights to certain unpatented mining claims named the Tully East Guidoccio Property. The Company also staked a total of 12 unpatented claims covering 2,432 hectares adjacent to the Pipestone East Property. With the addition of these two acquisitions, the NTGP now covers 61 unpatented claims and eight mining leases over a total of 9,255 ha in the Timmins gold camp.

The Company is currently updating its mineral resource and initiating mine development studies at its wholly-owned Frankfield East gold deposit. The results of the updated studies are expected by Q4 of 2012 and initial mine development plans are expected by the end of the calendar year. An updated Preliminary Economic Assessment ("PEA") is currently planned for early part of 2013.

During the quarter, the Company completed testing on a commercial scale Dual Energy X-ray Transmission (DEXRT) ore sorting equipment using a 1,000kg bulk sample taken from the Frankfield East deposit. This recent testwork was a follow-up to the Company's previously announced bench scale 5kg test sample results (see Gowest release dated February 1, 2012). Work was conducted in Germany by Commodas Ultrasort Inc. the world market leader in the production of ore sorting equipment with over

50% market share. Preliminary studies demonstrate the amenability of the deposits mineralization to separation using conventional ore sorting equipment. The ability to add an ore sorting stage early in the process offers the potential to reject more than 50% of the waste rock from the crushed material extracted from the mine, increasing the overall gold content of the mined rock, significantly enhancing processing efficiency, and the potential to reduce overall operating capital and operating costs. Results from the commercial test will be released in Q4 2012.

Selected quarterly information

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

| | Third Quarter July 31, 2012 | Second Quarter April 30, 2012 | First Quarter January 31, 2012 | ⁽¹⁾ Fourth Quarter October 31, 2011 |
|-------------------------------------------|------------------------------------------------|--------------------------------------------------|---------------------------------------------------|-------------------------------------------------------------------|
| | \$ | \$ | \$ | \$ |
| Expenses | 352,836 | 359,553 | 484,514 | 354,672 |
| Net (loss) from operations | (352,836) | (359,553) | (484,514) | (354,672) |
| Interest income/(expense) | (2,175) | 3,037 | 8,280 | 1,312 |
| Future income taxes recovered | - | 500,996 | - | 42,000 |
| Net income / (loss) | (355,011) | 144,480 | (566,984) | (311,360) |
| Net (loss) per share, basic | 0.00 | 0.00 | (0.00) | 0.00 |
| Comprehensive gain / (loss) | (347,511) | 136,980 | (473,234) | (333,860) |
| Cash flow (used in) operations | (453,321) | (494,999) | (268,894) | (176,718) |
| Cash & cash equivalents, end of period | 1,106,674 | 1,210,205 | 2,867,404 | 1,838,799 |
| Assets | 14,646,715 | 14,414,253 | 14,944,032 | 12,825,850 |
| Future tax liabilities | 480,000 | 480,000 | 480,000 | 480,000 |

(1) Adjusted to Reflect adoption of IFRS as of November 1, 2011.

| | ⁽¹⁾ Third Quarter July 31, 2011 | ⁽¹⁾ Second Quarter April 30, 2011 | First Quarter January 31, 2011 | Fourth Quarter October 31, 2010 |
|-------------------------------------------|---------------------------------------------------------------|-----------------------------------------------------------------|---------------------------------------------------|----------------------------------------------------|
| | \$ | \$ | \$ | \$ |
| Expenses | 451,669 | 1,161,504 | 366,873 | 292,969 |
| Net (loss) from operations | (451,669) | (1,161,504) | (366,873) | (292,969) |
| Interest income | 1,655 | 5,799 | - | 5,126 |
| Other (expense) | - | - | - | - |
| Future income taxes recovered | - | - | - | (1,008,850) |
| Net (loss) | (466,514) | (1,155,705) | (366,873) | (1,296,693) |
| Net (loss) per share, basic | (0.01) | (0.01) | (0.00) | (0.02) |
| Comprehensive (loss) | (466,514) | (1,189,455) | (393,873) | (1,241,193) |
| Cash flow (used in) operations | (711,647) | (77,484) | (425,654) | (354,974) |
| Cash & cash equivalents, end of period | 354,757 | 1,670,727 | 2,701,045 | 2,670,902 |
| Assets | 10,389,538 | 10,637,045 | 10,298,620 | 8,531,907 |
| Future tax liabilities | 651,000 | 651,000 | 651,000 | 651,000 |

Selected Annual Information

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

| | (1) 2011 | 2010 | 2009 |
|-------------------------------------------|-------------|-------------|-----------|
| | \$ | \$ | \$ |
| Revenues | 8,766 | 26,165 | - |
| Expenses | 2,334,718 | 1,699,727 | 628,931 |
| Net loss from operations | (2,325,952) | (1,673,562) | (628,931) |
| Write-down of mineral properties | - | - | (208,816) |
| Other income | - | 142,017 | - |
| Future income taxes recovered | 42,000 | 392,893 | - |
| Net loss | (2,283,952) | (1,138,652) | (837,747) |
| Net loss per share, basic and diluted | (0.02) | (0.01) | (0.02) |
| Comprehensive loss | (2,383,702) | (1,214,402) | (837,747) |
| Cash flow from (used in) operations | (1,391,503) | (841,534) | (431,284) |
| Cash & cash equivalents, end of period | 1,838,799 | 2,670,902 | 186,451 |
| Assets | 12,825,850 | 8,531,907 | 2,151,495 |
| Long term liabilities | - | - | - |
| Future tax liabilities | 480,000 | 651,000 | - |

(1) Adjusted to Reflect adoption of IFRS as of November 1, 2011.

Results of Operations

The Company's operations during the three and nine month periods ended July 31, 2012, produced a net loss of \$355,011 and \$777,515, respectively as compared to a net loss of \$450,014 and \$1,972,592 for the comparable prior year period. The Company reported a comprehensive loss of \$347,511 and \$683,765 for the three and nine month periods ended July 31, 2012, respectively as compared with a comprehensive loss of \$466,514 and \$2,049,842 in the comparable prior year periods.

For the three months ended July 31, 2012, the decline in the Company's comprehensive loss as compared to the prior year loss was primarily due to: i) a decrease in share-based payments of \$33,815 in the current year period as compared to \$143,707 in the prior year period reflecting a reduction in stock option grants in the current year; ii) increase in professional fees and other administrative expenses of \$260,658 as compared to \$255,561 in the prior year period; and iii) a reduction of an unrealized loss on an available for sale investment of \$7,500 as compared to a loss of \$16,500 in the prior year period reflecting an adjustment to the carrying value of its long-term investment.

For the nine months ended July 31, 2012, the decline in the Company's comprehensive loss of \$683,765 as compared to the prior year loss of \$2,049,842 was primarily due to: i) a decrease in share-based payments of \$119,627 in the current year period as compared to \$1,015,696 in the prior year period reflecting a reduction in stock option grants in the current year; ii) an increase in professional fees and other administrative expenses of \$863,617 as compared to \$783,079 in the prior year period reflecting the Company's payment under the its agreement with the First Nations; iii) a future income tax recovery of \$500,996 in the current year period as compared to \$0 in the prior year period reflecting the renunciation of the premium on flow-through shares in the current year period and; iv) an unrealized gain on an available for sale investment of \$93,750 as compared to an unrealized loss of (\$77,250) in the prior year period reflecting an adjustment to the carrying value of its long-term investment.

Liquidity and Capital Resources

The activities of the Company, which are primarily the acquisition, exploration and development 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 July 31, 2012 and 2011, the Company reported a cash and cash equivalent position of \$1,106,674 and \$354,757 respectively and had working capital of \$1,024,699 and \$288,381 respectively.

The Company's use of cash in operating activities was \$1,217,214 and cash used in investing activities was \$2,671,169 for the nine month period ended July 31, 2012, reflecting exploration and evaluation expenditures.

The Company's cash provided by financing activities was \$3,156,258 for the nine month period ended July 31, 2012, reflecting the net proceeds from the private placements of December 22, 2011 and June and July 2012.

Exploration and Evaluation Properties

According to Gowest's Exploration and Evaluation Properties as at July 31, 2012, 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 | July 31, 2012 Net book value | October 31, 2011 Net book value |
|-----------------------------|---------------------|-------------------------|--------------------------------|---------------------------------------|------------------------------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Frankfield Project, Ontario | 1,229,375 | 10,747,582 | - | 11,976,957 | 10,307,651 |
| Whitney Township, Ontario | 16,800 | 60,768 | (77,568) | - | - |
| Dowe Property, Ontario | 34,200 | - | - | 34,200 | 34,200 |
| Pipestone Property, Ontario | 84,000 | 778,962 | - | 862,962 | 250,405 |
| Tully Property, Ontario | 44,458 | 394,541 | - | 438,999 | 19,458 |
| | 1,408,833 | 11,981,853 | (77,568) | 13,313,118 | 10,611,714 |

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.

For a description of the mineral properties owned by the Company, refer to Note 9 of the unaudited condensed interim consolidated financial statements as at July 31, 2012.

Commitments and Contingencies

On December 22, 2011, the Company issued a total of \$2,586,201 in flow through common shares. As at July 31, 2012, the Company had expended approximately \$1,930,000 related to these flow-through funds and it is required to expend the balance of \$656,200 by December 31, 2012. 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 party to a management contract. The contract contains clauses requiring additional payments of up to \$300,000 be made upon the occurrence of certain events such as a change of control. As the likelihood of these events taking place is not determinable, the contingent payment has not been reflected in these consolidated financial statements.

The Company is committed to minimum amounts under an operating lease agreement, which expires September 29, 2013. Minimum commitments remaining under this lease were approximately \$25,000 including \$20,000 due within one year.

The Company's exploration and evaluation activities are subject to various federal, provincial and international 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.

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.

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.

The amounts due to related parties are unsecured, non-interest bearing and due on demand.

The remuneration of directors and key management of the Company for the nine months ended July 31, 2012 and 2011 was as follows.

| | 2012 | 2011 |
|-----------------------------|------------|------------|
| Aggregate cash compensation | \$ 231,000 | \$ 227,000 |
| Share-based compensation | \$ 36,076 | \$ 736,020 |

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. The following accounting estimates are critical: the measurement of deferred income tax assets and liabilities and assessment of the need to record valuation allowances against those assets; valuation of options; and capitalized mining costs.

Costs relating to the acquisition, exploration and development 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

Impact of Adopting IFRS on the Company's Accounting Policies

Effective the first quarter of 2012, the Company began preparing its financial statements in accordance with IFRS. Reconciliations, descriptions and explanations of how the transition to IFRS has affected the reported financial position, financial performance and cash flows are provided in Note 14, "Conversion to IFRS" of the unaudited condensed interim financial statements. This note also includes reconciliations of

equity and comprehensive loss for comparative periods reported under Canadian GAAP with amounts reported for those periods under IFRS.

The Company has changed certain accounting policies to be consistent with IFRS. The changes to its accounting policies have resulted in certain changes to the recognition and measurement of assets, liabilities, equity and expenses within its financial statements.

The following summarizes the significant changes to the Company's accounting policies on adoption of IFRS.

(a) Impairment of non-financial assets

IFRS requires a write down of assets if the higher of the fair market value and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Current Canadian GAAP requires a write down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value.

The Company's accounting policies related to impairment of non-financial assets have been changed to reflect these differences. There was no impact on the unaudited condensed interim consolidated financial statements as there were no impairment indicators on the Transition Date.

(b) Decommissioning Liabilities (Asset Retirement Obligations)

IFRS requires the recognition of a decommissioning liability for legal or constructive obligations, while current Canadian GAAP only requires the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions.

The Company's accounting policies related to decommissioning liabilities have been changed to reflect these differences. There is no impact on the unaudited condensed interim consolidated financial statements as there was no legal or constructive obligation on the Transition Date.

(c) Flow-through shares

On transition to IFRS, the Company has adopted a policy whereby proceeds from flow-through issuance are allocated between the offering of shares and the sale of tax benefits based on the difference between the quoted price of the existing shares and the amount the investor pays for the shares. A premium on flow through share liability is recognized for this difference. Upon renunciation to the investor of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the premium on flow through shares liability 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 deferred tax recovery. Previously, the Company's Canadian GAAP policy was to follow the recommendations of Emerging Issues Committee ("EIC") 146 with respect to the accounting for flow-through shares. This resulted in the Company reducing the net proceeds of the flow-through share issuance by the future tax liability of the Company resulting from the renunciation of the exploration expenditures in favour of the flow-through share subscribers.

(d) Expired stock options and warrants

Under Canadian GAAP, the Company's policy was to leave the value recorded for expired unexercised stock options and warrants in contributed surplus. On transition to IFRS, the Company elected to change its accounting policy for the treatment of expired stock options and warrants whereby amounts recorded for expired unexercised stock options and warrants are transferred to deficits.

(e) Share issue costs

Under IFRS, current and deferred taxes that arise from an item recorded directly in equity should also be recorded through equity, and not through net income (loss). Any remeasurement of an item recorded

directly in equity that originally triggered the recognition of the current or deferred taxes is also recorded through the equity account and not through net income (loss); this concept is referred to as "backward tracing". Canadian GAAP does not allow backwards tracing on items recorded directly in equity. As a result of the difference between Canadian GAAP and IFRS related to backward tracing, a transitional adjustment is required to move future tax recoveries recorded on share issuance costs prior to the Transition Date from deficit to the capital stock account.

Subsequent Disclosures

New accounting standards and interpretations

Certain pronouncements were issued by the IASB ("International Accounting Standards Board") or the IFRIC ("International Financial Reporting Interpretation Committee") that are mandatory for accounting periods after November 1, 2011 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the table below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

(i) IFRS 9 – Financial instruments ("IFRS 9") was issued by the IASB in October 2010 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. 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, 2013. IASB has proposed to move the effective date of IFRS 9 to January 1, 2015.

(ii) IFRS 10 – Consolidated financial statements ("IFRS 10") was issued by the IASB in May 2011. IFRS 10 is a new standard which identifies the concept of control as the determining factor in assessing whether an entity should be included in the consolidated financial statements of the parent company. Control is comprised of three elements: power over an investee; exposure to variable returns from an investee; and the ability to use power to affect the reporting entity's returns. IFRS 10 is effective for annual periods beginning on or after January 1, 2013. Earlier adoption is permitted.

(iii) IFRS 11 – Joint arrangements ("IFRS 11") was issued by the IASB in May 2011. IFRS 11 is a new standard which focuses on classifying joint arrangements by their rights and obligations rather than their legal form. Entities are classified into two groups: parties having rights to the assets and obligations for the liabilities of an arrangement, and rights to the net assets of an arrangement. Entities in the former case account for assets, liabilities, revenues and expenses in accordance with the arrangement, whereas entities in the latter case account for the arrangement using the equity method. IFRS 11 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(iv) IFRS 12 – Disclosure of interests in other entities ("IFRS 12") was issued by the IASB in May 2011. IFRS 12 is a new standard, which provides disclosure requirements for entities reporting interests in other entities, including joint arrangements, special purpose vehicles, and off balance sheet vehicles. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(v) IFRS 13 – Fair value measurement ("IFRS 13") was issued by the IASB in May 2011. IFRS 13 is a new standard which provides a precise definition of fair value and a single source of fair value measurement considerations for use across IFRSs. The key points of IFRS 13 are as follows:

- fair value is measured using the price in a principal market for the asset or liability, or in the absence of a principal market, the most advantageous market;
- financial assets and liabilities with offsetting positions in market risks or counterparty credit risks can be measured on the basis of an entity's net risk exposure;
- disclosures regarding the fair value hierarchy has been moved from IFRS 7 to IFRS 13, and further guidance has been added to the determination of classes of assets and liabilities;
- a quantitative sensitivity analysis must be provided for financial instruments measured at fair

- value;
- a narrative must be provided discussing the sensitivity of fair value measurements categorised under Level 3 of the fair value hierarchy to significant unobservable inputs; and
 - information must be provided on an entity's valuation processes for fair value measurements categorized under Level 3 of the fair value hierarchy.

IFRS 13 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(vi) IAS 1 – Presentation of financial statements (“IAS 1”) was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012.

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 development 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 three and nine month period ended July 31, 2012. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

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 development 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: Interest rate risk is the impact that changes in interest rates could have on the Company's earnings and assets. In the normal course of business, the Company is exposed to prime interest rate fluctuations as a result of cash equivalents being invested in interest-bearing instruments. The Company's current policy is to invest excess cash in investment-grade deposit certificates issued by its banking institution. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered banks. Management believes that interest rate risk is remote as investments have maturities of three months or less and the Company currently does not carry interest bearing debt at floating rates.

(b) Foreign currency risk: 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 remote.

(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 it relates to gold, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. The Company's investment in Crown Minerals Inc. ("Crown Minerals") 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 July 31, 2012, 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 three month period:

- (i) The Company's cash equivalents are subject to floating interest rates. As at July 31, 2012, if interest rates had decreased/increased by 1% with all other variables held constant, the loss for the nine months ended July 31, 2012 would have been approximately \$900 higher/lower, as a result of lower/higher interest income from cash equivalents. Management believes interest rate risk is minimal.
- (ii) The Company's long-term investments amounting to \$33,750 are subject to fair value fluctuations. As at July 31, 2012, if the fair value of the Company's long-term investments had decreased/increased by 10% with all other variables held constant, comprehensive loss for the nine months ended July 31, 2012 would have been approximately \$1,838 higher/lower. Similarly, as at July 31, 2012, reported shareholders' equity would have been approximately \$838 lower/higher as a result of the 10% decrease/increase in the fair value of the Company's long-term investments.

The Company does not hold significant 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 July 31, 2012, 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 Canadian GAAP.

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 and unlimited number of common shares and 1,500,000 special shares, redeemable, voting and non-participating. The Company has 131,902,179 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 14,597,490 common share purchase warrants outstanding with a weighted average exercise price of \$0.24 expiring between August 12, 2013 and December 31, 2013.

Stock Options:

As of the date hereof, the Company has 8,785,000 options outstanding under the Company's stock option plan for employees, directors, officers and directors with a weighted average exercise price of \$0.26 expiring from 2012 to 2017.

Additional Information

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