

Northway Provides Transaction Update

Vancouver, British Columbia--(Newsfile Corp. - December 29, 2020) - **Northway Resources Corp.** (TSXV: NTW) ("**Northway**") and **Kenorland Minerals Ltd. ("Kenorland")** jointly announce that further to their press release dated November 30, 2020 in connection with the proposed reverse takeover transaction with Kenorland (the "**Transaction**"), Northway has received the conditional approval of the TSX Venture Exchange for the Transaction and wishes to provide an update in respect of the completion of the Transaction.

Shareholder Approval

Each of Northway and Kenorland received shareholder approval in respect of the Transaction at shareholder meetings held on December 29, 2020. In the case of Northway, such approval included minority shareholder approval required by Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") excluding the votes held by 6,000,000 Northway shares held by Kenorland and 1,386,000 Northway shares held by Zachary Flood, the CEO of both companies. 98.62% of the votes cast and eligible to vote were in favor of the Transaction.

Disclosure Matters

Pursuant to the requirements of the conditional approval of the TSXV, Northway has filed amended and restated technical reports for each of Kenorland's Frotet project, located in Quebec and for the Tanacross project located in Alaska, reflecting final comments from the TSXV. The amended reports are now available under Northway's SEDAR profile at www.sedar.com.

In addition, Northway has separately filed a copy of the fairness opinion prepared in respect of the Transaction as prepared by Stephen Semeniuk (the "**Fairness Opinion**") as referenced in the joint information circular of Northway dated November 27, 2020 (the "**Circular**"). Any shareholder wishing to receive a printed copy of the Fairness Opinion may receive same by request to shartman@armlaw.com or 604.633.4289. The summary of the Fairness Opinion provided in the Circular remains current.

Northway also wishes to update certain disclosure set out in the Circular:

- The table of Resulting Issuer Warrants set forth at page F-4 should not include 285,714 warrants exercisable at \$0.70 per share until January 25, 2024 as these warrants, held by Kenorland, will be cancelled as part of the Transaction. The total number of Resulting Issuer Warrants upon the completion of the Transaction is correctly stated as 1,679,431 in the table at page F-5 under the heading "*Pro Forma Consolidated Capitalization*"
- The section "*Tier 1 Escrow Shares*" commencing at page F-16 of the Circular should be deleted with the section continuing as follows:

"Following the completion of the Consolidation and Transaction (including the cancellation of all Northway Shares and Northway Warrants held by Kenorland) an aggregate of 857,143 Resulting Issuer Shares and 857,143 Resulting Issuer Warrants will remain subject to escrow pursuant to the terms of the Northway Escrow Agreement whereby 15% of the escrowed securities will be released on each of February 22, 2021, August 22, 2021, February 22, 2022 and August 22, 2022.

The following table set out the number of Resulting Issuer Shares held in escrow pursuant to the Northway Escrow Agreement by Principals:

| Name and Municipality of Residence of Securityholder | Designation of Class | Number of Resulting Issuer Shares held pursuant to the Northway Escrow Agreement (#) | Percentage (%) |
|---|-----------------------------|---|-----------------------|
| Zachary Flood, Vancouver, B.C. (1) | Common | 85,714 | *% |
| 1013142 B.C Ltd., Surrey, B.C. (2) | Common | 8,571 | *% |
| JB Levy Corp, Toronto, ON (3) | Common | 34,286 | *% |
| Rick Trotman, North Vancouver, B.C. (4) | Common | 34,286 | *% |
| Jessica Van Den Akker, Vancouver, B.C. (5) | Common | 17,143 | *% |
| Jay Sujir Law Corporation, Vancouver, B.C. (6) | Common | 17,143 | *% |
| Leonard Francis MacDonald, Munich, Germany (7) | Common | 8,571 | *% |
| San Jacopo Trading Inc., Vancouver, B.C. (8) | Common | 68,571 | *% |

* Less than 1%.

Notes

(1) In addition, a further 85,714 Resulting Issuer Warrants remain held pursuant to the Northway Escrow Agreement.

(2) 1013142 BC Ltd. is an entity owned and controlled by Enoch Kong. In addition a further 8,571 Resulting Issuer Warrants remain held pursuant to the Northway Escrow Agreement. Mr. Kong will hold an aggregate of 14,285 Resulting Issuer Shares.

(3) JB Levy Corp. is an entity owned and controlled by Jamie Levy. In addition a further 34,286 Resulting Issuer Warrants remain held pursuant to the Northway Escrow Agreement.

(4) In addition a further 34,286 Resulting Issuer Warrants remain held pursuant to the Northway Escrow Agreement.

(5) In addition a further 17,143 Resulting Issuer Warrants remain held pursuant to the Northway Escrow Agreement.

(6) Jay Sujir Law Corporation is an entity owned and controlled by Jay Sujir. In addition a further 17,143 Resulting Issuer Warrants remain held pursuant to the Northway Escrow Agreement.

(7) In addition a further 17,143 Resulting Issuer Warrants remain held pursuant to the Northway Escrow Agreement.

(8) San Jacopo Trading Inc. is an entity owned and controlled by John Tognetti. In addition a further 68,571 Resulting Issuer Warrants remain held pursuant to the Northway Escrow Agreement.

- Within the table commencing at F-16 under the heading "*Value Escrow Shares*":
 - Mr. Tognetti's total number of Resulting Issuer Shares to be held in escrow should be 9,960,000 representing 21.90% and the total number of Resulting Issuer Shares to be held in escrow by San Jacopo Trading Inc. should read 57,142 Resulting Issuer Shares representing less than 1% of the outstanding shares. The total number of Resulting Issuer Shares owned directly and indirectly by Mr. Tognetti is unchanged from that disclosed in the table at page F-8, provided that footnote (2) thereto should read, "of which 9,960,000 Resulting Issuer Shares will be held directly, 812,575 Resulting Issuer Shares will be held indirectly by 4224973 Canada Inc. and 171,428 Resulting Issuer Shares are held by San Jacopo Trading Inc. On a partially diluted basis and assuming the exercise of all Resulting Issuer Warrants held by him, Mr. Tognetti would hold 24.00% of the then outstanding Resulting Issuer Shares. For clarity, the Resulting Issuer Shares acquired by Mr. Tognetti directly are as a result of the exchange of his Kenorland Shares. The Resulting Issuer Shares and Resulting Issuer Warrants held by San Jacopo Trading Inc. were acquired from Northway prior to and as part of its initial public offering and the Resulting Issuer Shares held by 4224973 Canada Inc. were acquired as part of the concurrent financing for the Transaction.
 - Mr. McDonald's total number of Resulting Issuer Shares to be held in escrow should read 3,280,000 with the percentage held remaining unchanged.
 - Mr. Sujir's total number of Resulting Issuer Shares to be held in escrow should read 60,000 with the percentage held remaining unchanged.

Mineral Projects of the Resulting Issuer

Following the completion of the Transaction, Northway will acquire Kenorland and will change its name to "Kenorland Minerals Ltd." (the "Resulting Issuer"). The business of the Resulting Issuer will be the combination of the businesses currently carried on by Kenorland and Northway. The following sets out the Resulting Issuer's mineral property interests and anticipated work programs.

Frotet - the Frotet project is the Resulting Issuer's material project. The Resulting Issuer plans to complete a work program of \$3,802,800 on the Frotet project that will be funded by Sumitomo Metal Mining Canada Limited, which is earning in to acquire a 70% interest in the Frotet project. Further details are set out in the technical report for the Frotet project filed on SEDAR.

Tanacross - the Resulting Issuer plans to carry out a \$2,000,000 work program on the Tanacross project, including drilling. Further details are set out in the technical report for the Tanacross project filed on SEDAR. The Tanacross project is the Resulting Issuer's 'qualifying property' for the purposes of its listing with the TSX Venture Exchange.

Healy - the Resulting Issuer will continue to work towards the exploration obligations required by December 31, 2021 towards the earn in to acquire a 70% interest in the Healy project. The Resulting Issuer plans to carry out a \$1,500,000 work program on the Healy project, which will include the start of drilling at the Healy project.

Chebistuan - the Resulting Issuer anticipates that an approximately \$645,000 work initial program will be funded by Goldcorp Canada Ltd., which is earning up to an 80% interest in the Chebistuan project pursuant to an option agreement.

Chicobi - the Resulting Issuer anticipates that Sumitomo Metal Mining Canada Limited will continue to fund exploration on the Chicobi project as it continues with its earn in, and anticipates approximately \$670,000 in exploration in 2021.

Napoleon - although the Resulting Issuer plans to apply for a drill permit in 2021, it does not anticipate carrying out a drill program in 2021 at this time.

Generative Projects - the Resulting Issuer also plans to expend approximately \$2,000,000 on other non-core projects, including the Benoist and Hunter projects in Quebec and the Talbot Lake project in Manitoba.

Completion of Transaction

The Transaction is expected to close on or about December 31, 2020. The completion of the Transaction is subject to receipt of final approval from the TSXV.

Forward-Looking Statements

This news release contains certain "forward looking statements" including, for example, statements relating to the completion of the Transaction and the receipt of all necessary approvals therefore. Such forward-looking statements involve risks and uncertainties, both known and unknown. The results or events depicted in these forward-looking statements may differ materially from actual results or events. In addition to other factors and assumptions which may be identified herein, assumptions have been made regarding and are implicit in, among other things: receipt of regulatory approvals, the ability of Northway and Kenorland to complete the Transaction, the state of the capital markets, the impact of the COVID-19 pandemic, the ability of the Resulting Issuer to successfully manage the risks inherent in pursuing business opportunities in the mining industry, and the ability of the Resulting Issuer to obtain qualified staff, equipment and services in a timely and cost efficient manner to develop its business. Any forward-looking statement reflects information available to Northway and Kenorland as of the date of this news release and, except as may be required by applicable securities laws, Northway and Kenorland disclaim any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise.

For more information visit our website www.northwayresources.com

On behalf of the Board of Directors

Zachary Flood
President and Chief Executive Officer
Telephone: (604) 363-1779

Completion of the Transaction is subject to a number of conditions, including but not limited to, TSX-V acceptance and if applicable pursuant to TSX-V requirements, disinterested shareholder approval. Where applicable, the Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Northway should be considered highly speculative.

The TSX-V has in no way passed upon the merits of the Transaction and has neither approved nor disapproved the contents of this news release.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

To view the source version of this press release, please visit
<https://www.newsfilecorp.com/release/71150>