



GREAT NORTHERN GOLD

EXPLORATION CORP.

TSXV: GGE

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Great Northern announces signing of Arrangement Agreement with Poydras Specialty Finance along with a \$3 million convertible debenture financing

Vancouver, B.C., October 10, 2013 – GREAT NORTHERN GOLD EXPLORATION CORPORATION (TSX-V: GGE) (“**Great Northern**” or the “**Company**”) is pleased to announce, further to its news release dated July 11, 2013, that the Company has entered into an arrangement agreement dated September 30, 2013 (the “**Arrangement Agreement**”) whereby the Company has agreed to acquire all of the issued and outstanding securities of Poydras Specialty Finance Corp. (“Poydras”) by way of a plan of arrangement (the “**Arrangement**”) under the provisions of the *Business Corporations Act* (Ontario) and ultimately convert into a mutual fund trust (the “**Trust**”). In connection with the execution of the Arrangement Agreement, Poydras completed a private placement of \$2,875,000 principal amount of convertible debentures effective September 30, 2013. It is anticipated that Poydras will issue additional convertible debentures in the principal amount of \$125,000 for aggregate gross proceeds of \$3,000,000 (the “**Debenture Financing**”).

The Arrangement

Pursuant to the Arrangement Agreement, the Company will acquire all of the issued and outstanding securities of Poydras in exchange for securities of the Company. In addition, subject to tax advice received by Poydras and the Company, under the Arrangement it is expected that the Company will convert into a mutual fund trust and all of the securityholders of Great Northern (including the former securityholders of Poydras) will receive units of the Trust (“**Trust Units**”) in exchange for their Great Northern securities.

It is anticipated that the Arrangement will include the following steps, but the parties may agree to adopt a different form or steps for the Arrangement, if the parties agree that such form would better satisfy their objectives (including, but not limited to, the tax efficiency to the parties and their shareholders):

- As part of the Arrangement, Great Northern will be continued as a corporation governed by the *Business Corporations Act* (Ontario), and Great Northern will change its

name to Poydras Gaming Income Corporation, or such other name as may be agreed to by Poydras and Great Northern;

- All of the issued and outstanding common shares of Great Northern (the “**Great Northern Shares**”) will be consolidated on a one for two basis;
- Each share in the capital of Poydras (each, a “**Poydras Share**”) will be transferred to Great Northern in exchange for one post-consolidation share in the capital of Great Northern, resulting in the shareholders of Poydras receiving an aggregate 55,000,000 post-consolidation shares of Great Northern;
- The property of Great Northern will be transferred to the Trust in exchange for the issuance by the Trust to Great Northern of Trust Units and all issued and outstanding shares in the capital of Great Northern shall be redeemed by the Company in exchange for the Trust Units on the basis of one Trust Unit for each post-Consolidation share of Great Northern (“**Trust Exchange Ratio**”);
- Each option to purchase shares of Great Northern (each, a “**Great Northern Option**”) will be exchanged for an option to purchase from the Trust the number of Trust Units equal to the product of: (i) the Trust Exchange Ratio multiplied by (ii) the number of post-consolidation Great Northern Shares subject to such Great Northern Option immediately prior to the effective time of the Arrangement; and
- Each share purchase warrant of Great Northern (each, a “**Great Northern Warrant**”) will be exchanged for a Trust Unit purchase warrant to purchase from the Trust the number of Trust Units equal to the product of: (i) the Trust Exchange Ratio multiplied by (ii) the number of post-consolidation Great Northern Shares subject to such Great Northern Warrant immediately prior to the effective time of the Arrangement.

Additional information in respect of the Arrangement will be contained in the Company’s management information circular to be mailed to Great Northern shareholders to seek approval of the Arrangement Agreement. The board of directors of Great Northern has determined that the Arrangement is in the best interests of Great Northern and to recommend that shareholders vote in favour of the Arrangement.

Conditions Precedent to Completing the Transaction

The Arrangement is subject to a number of conditions precedent, including, but not limited to, the following: (i) approval of the Arrangement by all of the shareholders of Poydras; (ii) approval of the Arrangement by a special majority of the shareholders of Great Northern; (iii) the receipt of all necessary consents, approvals, authorizations (including the conditional approval of the TSX Venture Exchange (“**Exchange**”) and the interim and final order of the Ontario Superior Court of Justice) for the Arrangement; (iv) completion of the Financings (as defined below); (v) the confirmation of the representations and warranties of each party to the Arrangement Agreement; (vi) the absence of any material adverse changes in relation to Great Northern or Poydras; (vii) each of the officers, directors and other insiders of Great Northern having agreed to be subject to the same escrow or pooling restrictions as the Poydras shareholders and to vote their Great Northern Shares in favour of the board nominees for a period for a period of five years; and (viii) other conditions which are customary or appropriate for a transaction of this type.

Financings

To date, Poydras has issued convertible debentures in the principal amount of \$2,875,000 pursuant to the \$3 million Debenture Financing. The debentures have a term of two years and are convertible into Poydras Shares at a price of \$0.10 per share, subject to adjustment. In connection with the Arrangement, any debentures of Poydras that have not been converted into Poydras Shares prior to the effective time will be exchanged for debentures of the Trust in accordance with their terms.

Further to the Company's news release dated September 27, 2013, the Company is also pleased to announce that on September 30, 2013, it received conditional approval from the Exchange with respect to its proposed increase to the private placement of common shares (the "**Private Placement**"). Pursuant to the Private Placement, the Company will now issue up to 15,000,000 common shares at a price of \$0.05 per common share for aggregate gross proceeds of up to \$750,000 from the initial approved amount of \$250,000. The proceeds from the Private Placement will be used for working capital and to implement the Arrangement.

Under the terms of the Arrangement Agreement, Great Northern is required to arrange additional financing in the aggregate amount of \$2,000,000 (the "**Concurrent Financing**"), inclusive of the amounts raised pursuant to the Private Placement. Assuming that Great Northern raises gross proceeds of \$750,000 pursuant to the Private Placement (and provided Great Northern continues to meet the other working capital requirements under the Arrangement Agreement), Great Northern will be required to raise a minimum of \$1,250,000 as a condition to closing of the Arrangement, on terms to be agreed between Great Northern and Poydras. The exact amount of the Concurrent Financing will be determined prior to the completion of the Arrangement and will be based on market conditions. The proceeds of the Concurrent Financing will be used to further the business objectives of Poydras.

Board Following Closing of the Arrangement

Pursuant to the terms of the Arrangement Agreement, the board of trustees of the Trust (or board of directors of Great Northern, if applicable) will consist of five members, one of which will be nominated by Great Northern and four of which will be nominated by Poydras. Information on each of the board nominees will be provided in due course.

About Poydras

Poydras Specialty Finance Corp. is an Ontario corporation and the majority owner of Poydras Gaming, LLLP, which was formed in February 2013 as a provider of capital and gaming equipment to casino operators and vendors in the U.S. Poydras Gaming currently owns slot machines operating in Oklahoma, and intends to use the funding from the Debenture Financing to expand its operations in Oklahoma, and to enter into markets in other US states including initially into California.

In accordance with Exchange policies, trading in the common shares of Great Northern will remain halted pending the satisfaction of all applicable requirements of the Exchange. There can be no assurance that trading in the common shares of Great Northern will resume prior to the completion of the Arrangement. Further details concerning Poydras and the Arrangement will be provided in a subsequent news release and in the Company's management information circular to be mailed to Great Northern shareholders to seek approval of the Arrangement Agreement.

ON BEHALF OF THE BOARD OF DIRECTORS

"Kim Oishi"

Kim Oishi, CEO

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Completion of the Arrangement is subject to a number of conditions, including Exchange acceptance and disinterested shareholder approval. 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 to be prepared in connection with the transaction, any information released or received with respect to the Arrangement may not be accurate or complete and should not be relied upon. Trading in the securities of Great Northern should be considered highly speculative.

The TSX Venture Exchange has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press 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.

STATEMENTS IN THIS PRESS RELEASE REGARDING THE COMPANY'S BUSINESS PLANS WHICH ARE NOT HISTORICAL FACTS ARE "FORWARD-LOOKING STATEMENTS" THAT INVOLVE RISKS AND UNCERTAINTIES, SUCH AS ESTIMATES AND STATEMENTS THAT DESCRIBE THE COMPANY'S FUTURE PLANS, OBJECTIVES OR GOALS, INCLUDING WORDS TO THE EFFECT THAT THE COMPANY OR MANAGEMENT EXPECTS A STATED CONDITION OR RESULT TO OCCUR. SINCE FORWARD-LOOKING STATEMENTS ADDRESS FUTURE EVENTS AND CONDITIONS, BY THEIR VERY NATURE, THEY INVOLVE INHERENT RISKS AND UNCERTAINTIES. ACTUAL RESULTS IN EACH CASE COULD DIFFER MATERIALLY FROM THOSE CURRENTLY ANTICIPATED IN SUCH STATEMENTS. THE COMPANY DOES NOT ASSUME ANY OBLIGATION TO UPDATE OR REVISE EVENTS OR CIRCUMSTANCES UNLESS REQUIRED BY APPLICABLE SECURITIES LAWS.