



NEWS RELEASE – FOR IMMEDIATE RELEASE

The North West Company Inc. to Acquire North Star Air

Agreement brings together two leading northern companies to deliver reliable, efficient air services in northwestern Ontario.

Winnipeg, Manitoba and Thunder Bay, Ontario, April 28, 2017 (TSX: NWC): The North West Company Inc. (“North West”) announced today that it has entered into an agreement to acquire North Star Air Ltd. (“NSA”), a Thunder Bay based airline, providing cargo and passenger services within northwestern Ontario.

“North West is a great fit with NSA,” said NSA President & CEO, Frank Kelner. “We pride ourselves on being the very best community and customer-driven northern airline. North West has a long history of operating in the north and is committed to improving a vital part of the supply chain to better serve its communities and customers. We look forward to working with the new ownership in taking this airline to the next level.”

“Moving goods is critical to our success and NSA is a proven, superior performer”, said North West President & CEO, Edward Kennedy. “We expect to continue to rely on third party carriers in many regions, but with NSA we will have options to compete and deliver faster, more consistent service to our customers where the opportunity or the need arises.”

North West will acquire NSA for approximately CAD\$31 million (subject to customary closing adjustments) plus closing expenses. North West also expects to make immediate follow-on investments of approximately CAD\$14 million for additional airplane and hub capacity. In aggregate, these investments are expected to deliver approximately \$8 million of annualized earnings before interest, taxes, depreciation and amortization (“EBITDA”) plus approximately \$2 million in avoided carrier cost increases.

North West will pay for the purchase price and follow-on investments in cash, financed through existing credit facilities.

In connection with the acquisition and in order to hold licenses necessary to operate an air carrier, North West is required to comply with Canadian ownership rules under the *Canada Transportation Act*. North West will be seeking shareholder approval to create a variable voting share structure similar to that of other Canadian airlines subject to these regulations at its Annual General and Special Meeting of Shareholders on June 14, 2017.

Closing of the acquisition, which is expected to occur in June, 2017, is subject to North West shareholder approval of the proposed variable voting share structure, Toronto Stock Exchange approval, and other customary closing conditions.

Investor Conference Call

North West will host a conference call to discuss the acquisition on April 28, 2017 at 10:30 a.m. (Central Standard Time). To access the call, please dial 416-641-6150 or 866-696-5894 with a pass code of 8878724. The conference call will be archived and can be accessed by dialing 905-694-9451 or 800-408-3053 with a pass code of 6624943 until May 28, 2017.

About NSA and North West

NSA is a privately-held airline that was founded in 1997. It has grown rapidly over the past three years and today operates a fleet of 11 aircraft providing cargo and passenger services, primarily within northwestern Ontario, with bases in Thunder Bay, Pickle Lake and Red Lake.

The North West Company Inc., through its subsidiaries, is a leading retailer of food and everyday products and services to rural communities and urban neighbourhoods in Canada, Alaska, the South Pacific and the Caribbean. North West operates 241 stores under the trading names Northern, NorthMart, Giant Tiger, Alaska Commercial Company, Cost-U-Less and RiteWay Food Markets and has annualized sales of approximately CAD\$1.8 billion. The common shares of North West trade on the Toronto Stock Exchange under the symbol "NWC".

Forward Looking Information and Non-GAAP Financial Measures

Certain information included in this press release is forward looking, within the meaning of applicable securities laws. In particular, North West's expectations regarding the benefits to be achieved by the acquisition constitute forward looking statements. Readers are cautioned not to place undue reliance on forward looking statements. Actual results and developments may differ materially from those contemplated by these statements.

There is no assurance that this transaction will close. North West does not intend to provide further updates regarding this transaction unless and until there are material developments, in which case North West will disclose those developments in accordance with its disclosure obligations under applicable law. Additional information on North West and other risks can be found on SEDAR at www.sedar.com or on North West's website at www.northwest.ca.

This press release refers to "EBITDA", which is not a recognized financial measure under International Financial Reporting Standards ("IFRS"). North West's method of calculating EBITDA may differ from other companies and may not be comparable to measures used by other companies. See the "Non-GAAP" measures section of North West's MD&A for further information.

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