

NEWS RELEASE 16-07

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PURE GOLD ANNOUNCES POSITIVE PRELIMINARY ECONOMIC ASSESSMENT FOR THE MADSEN GOLD PROJECT

Pre-Tax NPV_{5%} of \$104 million, IRR of 74%, and Pre-Production Capex of \$20 million

VANCOUVER, B.C. – Pure Gold Mining Inc. (PGM – TSX-V) (“Pure Gold” or the “Company”) is pleased to announce results of a Preliminary Economic Assessment (“PEA”) on its 100%-owned Madsen Gold Project (“Madsen”) in the Red Lake mining district of Ontario, Canada. The PEA provides a base case assessment of developing a portion of the mineral resources by utilizing existing mining infrastructure, including the permitted mill and tailings facilities.

“Madsen is a unique Canadian gold project with a long history of high-grade gold production. The base case PEA provides an ideal foundation for targeted growth as we look to expand the potential economics through an accelerated exploration program,” stated Darin Labrenz, President and CEO of Pure Gold. “The study demonstrates the value of the existing permitted infrastructure, outlining a low capital option with attractive returns based solely on a portion of the existing mineral resource. It provides a blue print for expansion, and our primary focus now is on mineral resource growth near the historic mine site with a view to increasing the existing resource and enhancing the robust base case economics.”

PEA HIGHLIGHTS

Base case parameters assume a gold price of US\$1,175/oz and an exchange rate (US\$ to C\$) of 0.80. All currencies are reported in Canadian dollars unless otherwise specified.

- Pre-Tax NPV_{5%} and IRR of \$104 million and 74% respectively with a 1.5 year payback period
- After-tax NPV_{5%} and IRR of \$76 million and 62% respectively with a 1.5 year payback period
- Mine life of 6.5 years with average annual gold production of 47,191 ounces and peak annual gold production of approximately 58,000 ounces
- Life of mine (“LOM”) diluted head grade of 8.3 g/t gold
- Mine plan considers only a portion of the existing mineral resource that is within 600 metres of surface and accessible via the existing ramp
- Pre-production capital cost estimated at \$20.1 million with a 12 month pre-production period
- LOM sustaining capital costs estimated at \$39.2 million
- LOM cash cost of US\$571/oz⁽¹⁾ and LOM cash cost plus sustaining cost of US\$692/oz

(1) Cash cost includes mining cost, mine-level G&A, mill and refining cost

The PEA was prepared by Nordmin Engineering Ltd., Mining Services Division of Sudbury, Ontario (“Nordmin”). Nordmin reported on the scoping-level capital costs, operating costs, and project economics associated with the potential development of the Madsen mineral resource.

The PEA is preliminary in nature and includes inferred mineral resources that are too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that PEA results will be realized. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

All figures are stated in Canadian Dollars (“C\$”) unless otherwise noted. The Technical Report pursuant National Instrument (“NI”) 43-101 guidelines for the Preliminary Economic Assessment will be filed on SEDAR within 45 days.

PEA OVERVIEW

PEA Details

The PEA envisions an underground mining operation utilizing the existing mining, milling, and tailings management infrastructure at Madsen. The existing McVeigh portal is approximately one kilometre from the existing mill, and currently provides ramp access to the top 150 metres of the mine workings. The PEA mine plan includes further development of the ramp to a depth of 600 metres to access the upper 12 levels of the mine.

PEA Parameters

Gold Price	US\$1,175/oz
Exchange Rate (US\$ to C\$)	0.80
Total Resource Tonnes Mined / Milled	1.063 million
Processing Rate	550 tpd
Diluted Head Grade	8.3 g/t
Gold Recovery Rate	92%
Mine Life	6.5 years
Total Gold Ounces Recovered	259,551 ozs
Average Annual Gold Production	47,191 ozs
Peak Annual Gold Production	57,958 ozs
Pre-production Capital Cost	\$20.1 million
Sustaining Capital Cost (Life of Mine)	\$39.2 million
Unit Operating Costs (per tonne processed)	
Mining Costs	\$104/tonne
Processing Costs	\$31/tonne
G&A	\$40/tonne
LOM Average Cash Cost ⁽¹⁾	US\$571/oz
LOM Cash Cost plus Sustaining Cost	US\$692/oz
Royalties	None
Corporate Income Tax / Ontario Mining Tax	25% / 10%

(1) Cash cost includes mining cost, mine-level G&A, mill and refining cost

PEA Sensitivities

Gold Price (US\$/oz)	\$1,025	\$1,075	\$1,125	\$1,175	\$1,225	\$1,275	\$1,325
Pre-Tax NPV _{5%} (C\$m)	\$65	\$78	\$91	\$104	\$118	\$131	\$144
After-Tax NPV _{5%} (C\$m)	\$49	\$58	\$67	\$76	\$86	\$95	\$104
Pre-Tax IRR	49%	58%	66%	74%	83%	91%	99%
After-Tax IRR	42%	49%	56%	62%	69%	75%	82%

Mineral Resource

The Madsen mineral resource estimate, prepared by SRK Consulting (Canada) Inc., is based upon a geostatistical block model that incorporated over 550,000 individual assays from 13,624 core boreholes (816,367 metres), 4,446 historic underground stope chip samples, and 27 levels of geologic mapping and sampling. Historic underground boreholes were typically drilled perpendicular to development drifts on all levels of the mine, usually at 25 feet (7.6 metres) spacing. Historic drilling was validated by 764 boreholes completed since 1999 by modern operators following best practices guidelines.

Mineral Resource Statement for Madsen Gold Project*

Resource Classification	Tonnes	Grade (Au g/t)	Contained Gold (oz.)
Indicated	3,236,000	8.93	928,000
Inferred	788,000	11.74	297,000

* Mineral resources are not mineral reserves and do not have demonstrated economic viability. All figures have been rounded to reflect the relative accuracy of the estimates. Mineral resources are reported at a cut-off grade of 5.0 g/t gold based on US\$1,000 per troy ounce gold and gold metallurgical recoveries of 94 percent.

Capital Costs

Pre-production capital costs are estimated at \$20.1 million with the majority of the costs associated with mill refurbishment as well as ramp and surface development. Additional capital cost requirements include surface installations and a new ventilation and pumping system which will utilize the existing shaft. Pre-production capital will be minimized by utilizing existing infrastructure, including a 500 tonne per day mill with carbon-in-pulp (CIP) circuit and tailings management facility. The existing McVeigh portal will be further developed from its current access of 150 metres, down to a total depth of 600 metres. Existing workings will be rehabilitated as access development.

Underground mining and haulage is anticipated to be completed by contract mining companies using their own equipment, conducted 365 days per year. Electrical grid power will provide the power to the project over the life of the mine. The site is currently serviced by 44 kV power.

LOM sustaining capital costs are estimated at \$39.2 million with the majority of the costs associated with ramp development, slashing existing workings, and new access development.

Capital Costs	Pre-Production	Sustaining	Total
Surface Infrastructure	\$4.7	-	\$4.7
Mining Infrastructure	\$5.5	\$0.5	\$5.9
Mobile Equipment	\$1.4	\$1.4	\$2.8
Development and Capital Operating Costs (5%)	\$2.4	\$32.6	\$35.1
Electrical	\$1.3	-	\$1.3
Mill and Tailings Management Refurbishment	\$2.0	\$0.6	\$2.7
Diamond Drilling	\$0.5	\$2.3	\$2.7
Subtotal	\$17.8	\$37.4	\$55.3
Contingency %	15%	5%	7%
Contingency	\$2.3	\$1.9	\$4.1
Total Capital Costs	\$20.1	\$39.2	\$59.3

* in C\$ millions, numbers may not add due to rounding

Mining

The PEA mine plan envisages that mechanized cut & fill, shrinkage, and long-hole mining methods would be employed to extract the mineralized material. All three of these methods have been used historically with success at the Madsen mine over its 38 year mining history.

Mining Methods in PEA Mine Plan

Mining Method	Tonnes	% Total Tonnes	% Mining Dilution
Cut & Fill Stope	533,008	50.1%	5%
Shrinkage Stope	390,880	36.8%	15%
Long-Hole Stope	139,370	13.1%	20%
Total	1,063,258		

Total mineralized material mined over the course of the mine life is 1.063 million tonnes of which 82% is indicated and 18% is inferred. The following table summarizes the mineral resource accounting for 5 to 20% mining dilution, dependent on mining method, and 92% mill recovery.

Mineral Resource (Mine Diluted) Included in PEA Mine Plan*

Resource Classification	Tonnes	Grade (Au g/t)	Recoverable Gold (oz.)
Indicated	868,773	8.55	219,826
Inferred	194,485	6.91	39,726

* Mineral resources are not mineral reserves and do not have demonstrated economic viability. All figures have been rounded to reflect the relative accuracy of the estimates. Initial disclosure of mineral resources are reported at a cut-off grade of 5.0 g/t gold based on US\$1,000 per troy ounce gold and gold metallurgical recoveries of 94 percent. For the purpose of the PEA, mine diluted mineral resources are reported with a variable cut-off grade dependent on individual stoping areas, a US\$1,175 per troy ounce gold, and gold metallurgical recoveries of 92 percent.

All ramp and level waste development would be performed by mining contractor using two boom electric hydraulic drill jumbos, 3.5 cubic-yard bucket LHD's, 20 tonne haul trucks, scissor lift/bolters and other rubber tired diesel-powered support equipment. Total LOM waste development is summarized below.

Waste Development in PEA Mine Plan

Waste Development	Metres	Tonnes
Ramp	2,968	128,237
Slash	5,759	159,221
Ventilation Raise	223	1,985
Access Development	3,768	162,788
Total		452,231

All mine manpower except for technical and support staff would be contracted employees. Total personnel on-site, including contractors, is estimated at 150 people. This estimate includes mine and surface employees, mine site management, as well as engineers and geology personnel. The direct mining personnel totals approximately 89 persons at peak. Technical and support staff are expected to be based in the Red Lake community.

Processing

The PEA considers refurbishing the existing mill and tailings management facility which have been on care and maintenance since 1999. Mill production of 550 tonnes per day is assumed to be achievable by modernizing controls and instrumentation of the reagent and grinding circuits. Mill and tailings dam refurbishment, inclusive of contingency, is estimated at \$3.1 million, of which \$2.3 million is included as a pre-production capital cost item and the remainder is sustaining capital.

The mill consists of a single stage crushing circuit and a two stage grinding circuit, which is then followed by cyanide leaching. The leached gold is collected in a CIP circuit which is subsequently stripped using mild caustic and collected on stainless steel mesh cathodes by electrowinning. The product from electrowinning is refined into doré bars in an induction furnace.

A 92% gold recovery was assumed for the PEA, based on the historical average recovery rate of the mill when it operated intermittently from 1997 to 1999.

The Company's existing permits, including the Environmental Compliance Approval, allows for operation of a 1,089 tonne per day mill and CIP circuit with discharge of treated tailings to the existing tailings facility. Further work is required to determine maximum optimum processing rates.

Operating Costs

Operating Costs	\$/t processed	\$/oz	US\$/oz
Mining Cost	\$104	\$424	\$339
Processing Cost	\$31	\$126	\$100
G&A Cost	\$40	\$164	\$132
Total Cash Cost⁽¹⁾	\$174	\$714	\$571
Sustaining Capital	\$37	\$151	\$121
Cash Cost plus Sustaining Capital	\$211	\$865	\$692

(1) Cash cost includes mining cost, mine-level G&A, mill and refining cost; numbers may not add due to rounding

Project Opportunities

The PEA supports that Madsen has the potential to be economically viable. While the PEA only considers the extraction of approximately 25% of Pure Gold's existing mineral resource tonnes, opportunities exist to expand the base case scenario through project exploration and resource growth. Pure Gold has been successful in intersecting mineralization below the shallow mine workings in the McVeigh horizon in close proximity to the proposed ramp development, including hole PG16-071 which intersected 11.0 g/t gold over 5.9 metres, approximately 80 metres below historic mining⁽²⁾. The Company currently has two rigs on site targeting high grade gold mineralization within the McVeigh horizon which remains open for expansion below a depth of 230 metres. Pure Gold is also pursuing additional exploration opportunities on the property including at Russet South which is located approximately 1.5 kilometres west of the permitted infrastructure, where the Company recently completed 2,700 metres of diamond drilling in 20 drill holes. The Company recently announced results from the first six holes of the program, including an intercept of 56.2 g/t gold over 1.3 metres from hole PG16-067⁽³⁾.

Additional opportunities to be investigated include:

- Optimizing mine plan to consider mineral resources currently outside of the scope of this PEA;
- Review optimization of mill processing rates as well as potential increases to throughput rate under the existing Environmental Compliance Approval which allows for operation of a 1,089 tonne per day mill and CIP circuit;
- Further metallurgical test work to optimize gold recovery; and
- Conversion of inferred resources to measured and indicated (no certainty they will be converted)

(2) See press release dated April 4, 2016 for further details

(3) See press release dated April 11, 2016 for further details

Qualified Persons and 43-101 Disclosure

Darren O'Brien, P.Geo., Vice President, Exploration for the Company, is the designated Qualified Person for this news release within the meaning of National Instrument 43-101 ("NI 43-101") and has reviewed and verified that the technical information contained herein is accurate and approves of the written disclosure of same.

Glen Cole, P.Geo, of SRK Consulting (Canada) Inc., is an independent Qualified Person as defined by NI 43-101 and has reviewed and approved the contents of this news release. Mr. Cole supervised the preparation of the Mineral Resource estimate with an effective date of April 20, 2016.

Kevin Niemela P.Eng., General Manager/Manager of Mining Services for Nordmin Engineering Ltd., is an independent Qualified Person as defined by NI 43-101 and has reviewed and approved the contents of this news release. Mr. Niemela is responsible for Financial Analysis, Mine Planning and Development, Operating Costs and overall Project Lead.

John Folinsbee, P. Eng, of Heads Ore Tails Metallurgical Consulting Inc. is an independent Qualified Person as defined by NI 43-101 and has reviewed and approved the contents of this news release. Mr. Folinsbee is responsible for Mineral Processing and Metallurgy.

ABOUT PURE GOLD

Our mandate is pure and simple. To dream big. To colour outside the lines. To use smart science and creativity to unlock the next major discovery at the Madsen Gold Project in Red Lake, Ontario. And become Canada's next iconic gold company.

Additional information about the Company and its activities may be found on the Company's website at www.puregoldmining.ca and under the Company's profile at www.sedar.com.

ON BEHALF OF THE BOARD

"Darin Labrenz"

Darin Labrenz, President & CEO

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Certain statements made and information contained in this news release constitute "forward-looking information" within the meaning of Canadian securities legislation. Forward-looking statements relate to future events or future performance and reflect current estimates, predictions, expectations or beliefs regarding future events and include, but are not limited to, statements with respect to: the amount of mineral resources, the amount of future production over any period, net present value and internal rates of return of the proposed mining operation, capital costs, including start-up, sustaining capital and reclamation/closure costs, operating and working capital costs, strip ratios and mining rates, the proposed implementation schedule, mine life, metal price assumptions, cash flow forecasts, projected capital and operating costs, metal or mineral recoveries, mine life and production rates. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects", "anticipates", "plans", "projects", "estimates", "envisages", "assumes", "intends", "strategy", "goals", "objectives" or variations thereof or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements.

Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Material risk factors that could cause actual results to differ materially from those reflected in the forward-looking statements include unsuccessful exploration results, accidents or equipment breakdowns, the risk of undiscovered title defects or problems with surface access, labour disputes or inability to attract the necessary work force, the potential for delays in exploration activities, the potential for unexpected costs and expenses, commodity price fluctuations, currency fluctuations, political risk, unanticipated changes in key management personnel and general economic, market or business conditions, and those risks described in the Company's most recent annual information form and management discussion and analysis filed on SEDAR at www.sedar.com. This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. Forward-looking statements are based on current beliefs as well as various assumptions including, without limitation, the expectations and beliefs of management regarding the assumed long-term price of gold, the presence of and continuity of metals at the Madsen project at modeled grades, the capacities of various machinery and equipment, the availability of personnel, machinery and equipment at estimated prices, exchange rates, metals sales prices, appropriate discount rates; tax rates, and royalty rates applicable to the proposed mining operation; financing structure and costs; anticipated mining losses and dilution; metal recovery rates, reasonable contingency requirements; the negotiation of satisfactory terms with impacted third parties including local communities, access to financing, appropriate equipment and sufficient labour.

Although management considers these assumptions to be reasonable based on information currently available, such assumptions may prove to be incorrect. Many forward-looking statements are made assuming the correctness of other forward-looking statements, such as statements of net present value and internal rate of return, which are based on most of the other forward-looking statements and assumptions herein. The cost information is also prepared using current values, but the time for incurring the costs will be in the future and it is assumed costs will remain stable over the relevant period.

This news release may use the terms "measured", "indicated" and "inferred" as these terms are defined under Canada's National Instrument 43-101. U.S. Investors are advised that, while such terms are recognized and required by Canadian regulations, they are not recognized by the United States Securities and Exchange Commission ("SEC") and may not be comparable to similar information for United States mining or exploration companies. As such, certain information contained on this news release concerning descriptions of mineralization and resources under Canadian standards is not comparable to similar information made public by United States companies subject to the reporting and disclosure requirements of the SEC. U.S. investors are cautioned not to assume that any part or all of the mineral deposits described in these categories will ever be converted into proven or probable reserves, as defined in the SEC's Industry Guide No. 7.