

NEWS RELEASE 19-03

February 11, 2019

PURE GOLD ANNOUNCES POSITIVE FEASIBILITY STUDY FOR THE MADSEN-RED LAKE GOLD DEPOSIT

Study supports robust high grade underground mine with strong NPV, IRR and low initial capital hurdle

VANCOUVER, B.C. – Pure Gold Mining Inc. (PGM – TSX-V) (“Pure Gold” or the “Company”) is pleased to announce results of an independent Feasibility Study (“FS”) on its 100%-owned Madsen Gold Project (“Madsen”) in the Red Lake mining district of Ontario, Canada. The Feasibility Study outlines a robust 12-year high grade, 800 tonne per day underground mining operation with low initial capital cost and strong financial performance.

“The Madsen-Red Lake orebody is an exceptional foundation on which to build a gold mining company. With access to existing infrastructure, a high grade reserve, and exceptional growth potential, Madsen is one of the outstanding gold deposits in Canada,” stated Darin Labrenz, President and CEO of Pure Gold. “The completed study outlines a long life high margin mine, with low initial capital requirements and a fast timeline to production. In addition, specific exploration targets and satellite resources not considered in the feasibility study suggest an opportunity for near-term growth to potentially further enhance the economics of the project. With the completion of the feasibility study being one of the last de-risking steps, we look forward to rapidly advancing Madsen-Red Lake to become Canada’s next gold mine.”

FEASIBILITY STUDY HIGHLIGHTS

Base case parameters assume a gold price of US\$1,275/oz and an exchange rate (C\$ to US\$) of 0.75. All currencies reported in Canadian dollars unless otherwise specified.

- Probable Mineral Reserves of 3.5 Mt at 9.0 g/t containing 1.0 million ounces of gold;
- Low initial capital requirement of \$95 million including a 9% contingency;
- Mine life of 12.2 years with a 13 month pre-production period;
- Peak annual production of approximately 125,000 ounces with average annual gold production in years 3 through 7 of approximately 102,000 ounces;
- Life of mine (“LOM”) direct operating cash cost⁽¹⁾ estimated at US\$607 per ounce of gold recovered;
- LOM all in sustaining cash cost (“AISC”) estimated at US\$787 per ounce of gold recovered;
- Pre-tax NPV_{5%} and IRR of \$353 million and 43% respectively with a 3.0 year payback of initial capital; and
- After-tax NPV_{5%} and IRR of \$247 million and 36% respectively with a 3.4 year payback of initial capital.

(1) Cash cost includes mining cost, mine-level G&A, mill and refining cost. This is a non-GAAP performance measure; please see “Non-GAAP Measures and Other Financial Measures” below.

FEASIBILITY STUDY OVERVIEW

Study Details

The Feasibility Study supports a high-grade 800 tonne per day underground mining operation with designed stopes containing 1.0 million ounces of Probable Mineral Reserves. The project benefits from significant

mining, milling and tailings infrastructure already in place, resulting in one of the lowest capital intensity, undeveloped gold projects in the world. Mining will be conducted from new ramp development utilizing a combination of cut and fill and longhole mining methods. A new hoist house and double drum production hoist will use the existing shaft infrastructure to hoist ore and waste from the mine, commencing in year four of operations.

The Madsen implementation schedule spans a period of 13 months, with underground mine development commencing approximately 9 months before the first gold pour. The project requires initial capital of C\$95M (including contingency) to support the construction of an underground mine and associated infrastructure, including the expansion of existing milling capacity to 800 tonnes of ore per day. The mine is expected to produce peak annual production of 125,000 ounces with LOM all in sustaining costs of US\$787/oz Au, which are below industry average.

JDS Energy and Mining Inc. led the Madsen Gold Project Feasibility Study, which included contributions from industry-leading consultants such as Knight Piésold Ltd., Nordmin Engineering Ltd., MineFill Services Inc., Integrated Sustainability, Lorax Environmental Services Ltd, Ginto Consulting Inc., and Equity Exploration Consultants Ltd.

Base Case Operating Highlights and Project Performance

Assumptions	
Gold Price	US\$1,275/oz
Exchange Rate (C\$ to US\$)	0.75
Production Profile	
Total Tonnes Milled	3.5 million
Diluted Head Grade	9.0 g/t Au
Total Gold Ounces Mined	1,013,000
Mine Life	12.3 years
Daily mill commercial throughput	800 tonnes per day
Gold Recovery	96%
Total Gold Production	970,000 oz
Average Annual Gold Production	80,000 oz
Peak Annual Gold Production	125,000 oz
Average Annual Gold Production Years 3 – 7	102,000 oz
Capital Requirements	
Pre-production Capital Cost	\$95 million

Sustaining Capital Cost (Life of Mine)	\$232 million
Operating Costs	
Unit Operating Costs (per tonne processed)	
Mining Costs	\$169/tonne
Processing Costs	\$32/tonne
G&A	\$22/tonne
Average Cash Cost Years 3-7 (1)	US\$482/oz Au
LOM Average Cash Cost(1)	US\$607/oz Au
LOM All in Sustaining Cash Cost	US\$787/oz Au
Project Economics	
Royalties	None
Corporate Income Tax / Ontario Mining Tax	25% / 10%
Pre-Tax	
NPV (5% Discount Rate)	\$353 M
Internal Rate of Return	43%
Payback Period (years)	3.0
Cumulative Cash Flows	\$537 M
Post-Tax	
NPV (5% Discount Rate)	\$247 M
Internal Rate of Return	36%
Payback Period (years)	3.4
Cumulative Cash Flows	\$383 M

(1) Cash cost includes mining cost, mine-level G&A, mill and refining cost. This is a non-GAAP performance measure; please see "Non-GAAP Measures and Other Financial Measures" below.

Gold Price Sensitivity

Gold Price (US\$/oz)	\$1,100	\$1,200	\$1,275	\$1,300	\$1,400	\$1,500
Pre-Tax NPV _{5%} (\$M)	\$192	\$284	\$353	\$376	\$468	\$560
After-Tax NPV _{5%} (\$M)	\$135	\$199	\$247	\$263	\$326	\$390
Pre-Tax IRR	28%	36%	43%	45%	53%	61%
After-Tax IRR	23%	31%	36%	38%	45%	51%

Sensitivity After-Tax NPV(5%) (C\$M)

%	-15	-10	-5	0	5	10	15
Capex Sensitivity	\$287	\$274	\$260	\$247	\$234	\$220	\$207
Opex Sensitivity	\$304	\$285	\$266	\$247	\$228	\$209	\$190

Sensitivity After-Tax IRR (%)

%	-15	-10	-5	0	5	10	15
Capex Sensitivity	45%	42%	39%	36%	33%	31%	29%
Opex Sensitivity	42%	40%	38%	36%	34%	32%	30%

The Feasibility Study results show that the Madsen Gold Project has the potential to remain strongly profitable at lower metal prices, and is robust across a range of capital and operating cost sensitivities.

Mineral Resource

The Company's February 2019 mineral resource estimate forms the basis for the Feasibility Study. The resource estimate, prepared by Ginto Consulting Inc. is based upon the mineral resource estimate disclosed on February 5, 2019, which contains the results of 14,822 core drill holes. Of those, 13,258 drill holes informed the resource estimate with an overall average spacing of 6.4 metres in the high-grade domains.

The updated mineral resource estimate for Madsen is reported at a 4.0 g/t Au cut-off effective February 5, 2019.

Mineral Resource Statement for Madsen Gold Project*

Resource Classification	Tonnes	Grade (Au g/t)	Contained Gold (oz.)
Indicated	7,196,000	8.9	2,063,000

Inferred	1,880,000	7.7	467,000
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* Reported Mineral Resources are inclusive of Mineral Reserves declared below. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues. The CIM definitions were followed for the classification of Indicated and Inferred Mineral Resources. The quantity and grade of reported Inferred Mineral Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Mineral Resources as an Indicated Mineral Resource and it is uncertain if further exploration will result in upgrading them to an Indicated Mineral Resource category. All figures have been rounded to reflect the relative precision of the estimates. Mineral Resources are reported at a cut-off grade of 4.0 g/t gold.

Mining and Mineral Reserves

The Feasibility Study mine plan utilizes a combination of conventional cut & fill (59%), mechanized cut & fill (16%) and longhole mining (25%) methods to extract mineral reserves. Preliminary mining shapes were developed using a Mineable Shape Optimizer (“MSO”) with a cut-off of 4.75 g/t gold, except in the McVeigh Zone which was developed using a 4.0 g/t cut-off. These MSO shapes were used to guide development of the feasibility mine design plan. Final stope shapes and mine access development were individually modelled and evaluated to form the final mineable reserve. A mining recovery of 95% and a dilution of 10% has been assumed for retained tonnes forming part of the mine plan. The total Probable Reserve mined over the course of the mine life is 3.5 million tonnes at an average diluted head grade of 9.0 g/t for 1.0 million ounces of gold.

The Probable Mineral Reserves were based exclusively on Indicated mineral resources from the Madsen deposit. Mineral resources from Russet South, Fork and Wedge were not considered for the Feasibility Study, but will be considered in the forthcoming Preliminary Economic Assessment of these deposits, expected to be issued in February.

Probable Mineral Reserves for the Madsen Gold Project

Zone	Tonnes	Grade (Au g/t)	Contained Gold (oz.)
Austin	1,847,000	7.9	466,000
8 Zone	421,000	16.9	228,000
South Austin	791,000	8.6	219,000
McVeigh	386,000	6.7	83,000
A3	68,000	7.6	17,000

Total	3,512,000	9.0	1,013,000
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All ramp and level waste development is to be performed by an owner-operated fleet of one and two boom electric hydraulic drill jumbos, 3.0 cubic-metre bucket LHD's, 20 tonne haul trucks, scissor lift/bolters and other rubber tired support equipment. Mining will be facilitated by a combination of diesel and battery-powered equipment, with diesel equipment being utilized for upper levels of the mine prior to refurbishment of the existing shaft and installation of a new double-drum production hoist. The use of battery-powered equipment in the mine will eliminate emissions associated with the movement of ore and waste and will result in materially reduced ventilation and heating requirements.

Processing

The existing mill and tailings management facility will be upgraded to achieve mill production of 800 tonnes per day. Upgrades include modernization of controls and instrumentation, installation of new pumps, two new batch gravity concentrators as well as expansion of the grinding circuit through replacement of the existing ball mill to achieve forecast productivity.

The process plant will include one stage of crushing and two stages of grinding to achieve a final grind size of 75 µm. Based on recent metallurgical test work, the optimized flowsheet will include gravity concentration followed by cyanide leach, carbon adsorption/desorption and electrowinning with an overall recovery of 96% expected on a mill feed that will average 9.0 g/t gold over the life of mine. The product from electrowinning will be refined in an induction furnace to produce gold doré bars. Leached slurry from the carbon-in-pulp ("CIP") circuit will be treated with the SO₂/Air cyanide destruction process, and the final tailings will be processed and utilized underground as hydraulic fill or pumped to the tailings management facility ("TMF").

Capital Costs

The Madsen Mine benefits from significant existing infrastructure resulting in a very low capital intensity project. Total pre-production capital cost (capex) is estimated at C\$94.7 million (US\$71.0M), inclusive of a C\$8.1 million contingency. The total life of mine capex is C\$327 million (US\$245M), inclusive of closure costs.

Underground mining and haulage is anticipated to be completed using an owner-operator development model operating 365 days per year. Life of mine, purchased equipment results in higher capital expenditures but offers lower long-term operating costs, greater flexibility and better cash flows.

LOM sustaining capital costs are estimated at C\$232 million with the majority of the costs associated with underground mine development.

Capital Costs	Pre-Production (C\$M)	Sustaining (C\$M)	Total (C\$M)
Mining	31	209	240
Site Development	1	-	1

Mineral Processing	17	-	17
Tailings Management	4	8	12
Site Services	18	1	18
Closure (less salvage)	-	12	12
Indirects	6	-	6
EPCM	7	-	7
Owner's Costs	3	-	3
Subtotal	87	230	317
Contingency	8	2	10
Total Capital Costs	95	232	327

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

Unit and total operating costs were estimated for the Madsen Gold Project over the life of the project. Operating costs were developed from first principles for mining, processing, and administration using the mine plan, incorporating development rates, labour, materials, consumables, and certain contract services.

Mine operating cost is estimated at C\$169/t processed. Primary operating costs for mining include labour (\$98/t) and consumables (\$38/t). Processing costs are estimated at \$32/t, general and administrative costs at \$22/t processed.

Operating Costs

Operating Costs	C\$/t processed	US\$/oz Au
Mining Cost	169	458
Processing Cost	32	88
G&A Cost	22	59
Refining and Transport	1	2
Total Cash Cost⁽¹⁾	224	607
Sustaining Capital (including closure)	66	180
All in Sustaining Cash Cost	290	787

(1) Cash cost includes mining cost, mine-level G&A, mill and refining cost; numbers may not add due to rounding. This is a non-GAAP performance measure; please see "Non-GAAP Measures and Other Financial Measures" below.

Project Enhancement Opportunities

The Feasibility Study, focused exclusively on the Madsen Deposit, outlines a high-grade, low capital mining operation with 1.0 million ounces of Probable Mineral Reserves. Exploration by the Company to date has demonstrated that the Madsen Gold Project has outstanding potential for growth and opportunities for scalability. Key opportunities include:

- The Feasibility Study does not consider mineral resources at Russet South, Fork or Wedge. A Preliminary Economic Assessment of these additional resources is nearing completion and is expected in the coming weeks;
- Expansion of the Madsen Mine resource, through application of the Company’s geologic model to target extensions to the known resource, including potential:
 - Conversion of the inferred resources in the Madsen deposit to measured and indicated, currently totaling 241,000 ounces (0.9 million tonnes at 8.4 g/t gold)
 - Extensions to the high-grade 8 Zone which remains open for expansion and is scheduled to commence mining in year four of operations
 - Depth extensions of the Madsen deposit which remains open as supported by drill hole PG17-456 which intersected 34.6 g/t gold over 4.3 metres at a depth of 1,373 metres below surface, and AD-11-01 which returned 14.3 g/t gold over 2.0 metres at a depth of approximately 2,100 metres below surface;¹
- Continue exploration at Russet South, Fork, Wedge, and across the +5 kilometre mineral system in place at Madsen, where strong potential exists for continued growth; and
- Review and optimization of the mine plan with an opportunity for additional mine flexibility, potential for increased milling rates and annual gold production.

Environmental and Permitting

The Company benefits from existing environmental authorizations and permits which allow for operation of a 1,089 tonne per day mill and CIP circuit with discharge of treated tailings to the existing tailings facility, dewatering via the existing shaft, and a mine closure plan. Certain permits will require updating or amendments prior to the commencement of new mining activities including the existing Certificate of Approval (“C of A”) for industrial Sewage Works (tailings and effluent), the C of A for Air and Noise, and the mine closure plan. Baseline studies and documentation for these amendments are well advanced, with the first amendment filed in August of 2018 (C of A for Air and Noise). No environmental assessment is anticipated and the Company anticipates having all of the required permits for production in place by Q4 2019 or earlier.

Development Schedule

The proposed project development allows for 13 months for the project execution, which includes dewatering, pre-production mine development, procurement, construction and commissioning. Assuming the project execution starts in April of 2019, the first gold production would be expected in May of 2020. Key project execution schedule milestones include the following:

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|------------------------------|---------|
| - Start shaft dewatering | month 2 |
| - Construction start | month 3 |
| - Begin Mining development | month 4 |
| - Permit amendments in place | month 7 |

- Processing plant expansion complete month 12
- First gold production month 13

Next Steps

With the Feasibility Study now completed, Pure Gold will advance the Project towards development. In August 2018 the Company announced that it had appointed Endeavour Financial as its financial advisor to provide advisory services with respect to debt financing for the construction and development of Madsen. This process is well advanced and discussions are underway and advancing with multiple potential financiers.

Over the coming months, the Company will be focused on:

- Continue working with First Nations to promote a cooperative and mutually respectful relationship concerning Pure Gold’s development plan, and to finalize an agreement to facilitate this relationship;
- Finalization of the Preliminary Economic Assessment of the Company’s satellite resources including Russet South, Fork and Wedge, expected to be issued in the coming weeks;
- Advancing project finance opportunities;
- Optimization of the project execution schedule, including procurement and permitting;
- Ongoing environmental studies and documentation to support the update and filing of existing permits and filing for additional permits that may be required; and
- Commencement of detailed engineering and design activities.

Qualified Persons and 43-101 Disclosure

Ken Donner, P. Eng., Vice President, Operations 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.

The Technical Report summarizing the results of the Feasibility Study is being prepared in accordance with NI 43-101 and will be filed under the Company’s profile on SEDAR within 45 days of this press release. The Qualified Persons have reviewed and verified that the technical information in respect to the Feasibility Study in this press release is accurate and approve the written disclosure of such information.

The Qualified Persons who will prepare the Technical Report are:

Michael Makarenko, P.Eng.	JDS Energy & Mining Inc.	Mineral Reserve Estimate, Mining Methods
Michael Levy, P.E., P.Eng.	JDS Energy & Mining Inc.	Underground Geotechnical

Kelly McLeod, P. Eng.	JDS Energy & Mining Inc.	Metallurgy, Recovery Methods
Richard Boehnke, P.Eng.	JDS Energy & Mining Inc.	Infrastructure
Marc Jutras, P.Eng.	Ginto Consulting Inc.	Mineral Resource
Alan Martin, P. Geo.	Lorax Environmental	Water Management
Daniel Ruane, P.Eng.	Knight Piesold Ltd	TMF, Waste Rock Management
Dave Stone, P.Eng.	Minefill Services Ltd	Mine Backfill
Darcy Baker, P. Geo.	Equity Exploration Ltd.	Geology and Data Verification

Darcy Baker, P. Geo., of Equity Exploration Ltd. has reviewed the results of database validation and data verification and quality control and quality assurance studies; statistical analysis and comparisons of data; underground test mining and sampling results; drilling of 918 holes by Pure Gold and is of the opinion that the historical sampling, sample preparation, security and analytical procedures were in-line with best practices for their time and that the sampling, sample preparation, security and analytical procedures undertaken by Pure Gold meet or exceed modern best practices. The Qualified Person has verified that the Madsen Gold Project data compiled and generated by Pure Gold and its consultants are of sufficient quality for resource and reserve estimation.

Non-GAAP Measures and Other Financial Measures

Alternative performance measures are furnished to provide additional information. These non-GAAP performance measures are included in this news release because these statistics are key performance measures that management uses to monitor performance, to assess how the Company is performing, to plan and to assess the overall effectiveness and efficiency of mining operations. These performance measures do not have a standard meaning within International Financial Reporting Standards (“IFRS”) and, therefore, amounts presented may not be comparable to similar data presented by other mining companies. These performance measures should not be considered in isolation as a substitute for measures of performance in accordance with IFRS.

Conference Call and Webcast

Pure Gold will host a conference call and webcast today, February 11, 2019 at 10:00 a.m. Eastern Time.

Pure Gold will provide an overview of the results of the Feasibility Study before opening the call to questions from participants. To join the call please dial:

Toll Free: 1-800-319-4610
Local / International: +1-604-638-5340

An accompanying webcast is available at: <http://services.choruscall.ca/links/puregold201902.html>.

A replay of the teleconference will be available for seven days at 1-604-638-9010, access code 2949.

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

All statements in this press release, other than statements of historical fact, are "forward-looking information" with respect to Pure Gold within the meaning of applicable securities laws, including, but not limited to statements with respect to those that address potential quantity and/or grade of minerals, potential size and expansion of a mineralized zone, proposed timing of exploration and development plans, the growth potential of the Madsen Gold Project and opportunities for scalability, planned mining methods, mineral processing and sources of power, expected annual production, potential profitability of the Madsen Gold Project at lower metal prices, expected capital costs, anticipated permitting requirements and timing thereof, expected development schedule, expected timing of the completion of the Preliminary Economic Assessment for the Russet South, Fork and Wedge deposits, potential conversion of inferred resources to measured and indicated resources, potential extension and expansion of mineral resources and the focus of the Company in the coming months. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "planned", "expect", "project", "predict", "potential", "targeting", "intends", "believe", "potential", and similar expressions, or describes a "goal", or variation of such words and phrases or state that certain actions, events or results "may", "should", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking information is not a guarantee of future performance and is based upon a number of estimates and assumptions of management at the date the statements are made including, among others, assumptions about future prices of gold and other metal prices, currency exchange rates and interest rates, favourable operating conditions, political stability, obtaining governmental approvals and financing on time, obtaining renewals for existing licences and permits and obtaining required licences and permits, labour stability, stability in market conditions, availability of equipment, accuracy of any mineral resources, successful resolution of disputes and anticipated costs and expenditures. Many assumptions are based on factors and events that are not within the control of Pure Gold and there is no assurance they will prove to be correct.

Such forward-looking information, involves known and unknown risks, which may cause the actual results to be materially different from any future results expressed or implied by such forward-looking information, including, risks related to the interpretation of results at the Madsen Gold Project; changes in project parameters as plans continue to be refined; current economic conditions; future prices of commodities; possible variations in grade or recovery rates; the costs and timing of the development of new deposits; failure of equipment or processes to operate as anticipated; the failure of contracted parties to perform; the timing and success of exploration activities generally; delays in permitting; possible claims against the Company; the timing of future economic studies; labour disputes and other risks of the mining industry; delays in obtaining governmental approvals, financing or in the completion of exploration as well as those factors discussed in the Annual Information Form of the Company dated June 11, 2018 in the section entitled "Risk Factors", under Pure Gold's SEDAR profile at www.sedar.com.

Although Pure Gold has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Pure Gold disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise unless required by law.