

NEWS RELEASE 19-04

February 27, 2019

PURE GOLD'S NEW DISCOVERIES AT MADSEN-RED LAKE DEMONSTRATE ROBUST ECONOMICS

PEA on New Zones Generates after-tax NPV of \$51 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”) for its Fork, Russet South, and Wedge deposits that demonstrate the potential to add approximately \$51 million to the Madsen Gold Project (“Madsen”) after-tax net present value. As a result of high gold grades, near surface resources, and use of existing infrastructure, mining of these zones will yield an after-tax IRR of 39%.

The results of this PEA highlight the tremendous prospective upside at Madsen-Red Lake, the economic viability of Madsen, and demonstrates how Pure Gold would phase new discoveries into future mine plans. Based on the current resource, development of these new discoveries could add approximately four years of production at below-industry average cash costs while generating robust cash flows.

“Our PEA provides us with a blueprint of how we could expand our mine life and production profile at Madsen, and illustrates just how impactful and accretive new discoveries can be to the future of our district,” stated Darin Labrenz, President and CEO of Pure Gold. “We have deployed a modest amount of capital in discovering and delineating these new resources and the return on our investment is exceptional. This PEA, represents the first conceptual expansion scenario for the future phased growth of the Madsen Mine complex.”

PRELIMINARY ECONOMIC ASSESSMENT 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.

- Mine life extension of 3.7 years with total production of 210,000 ounces of gold;
- Life of mine (“LOM”) direct operating cash cost⁽¹⁾ estimated at US\$557 per ounce of payable gold;
- LOM all in sustaining cash cost (“AISC”) estimated at US\$712 per ounce of payable gold;
- Pre-tax NPV_{5%} and IRR of \$79 million and 57% respectively with a 1.6 year payback of initial capital; and
- After-tax NPV_{5%} and IRR of \$51 million and 39% respectively with a 2.0 year payback of initial capital;
- Initial capital requirement of \$57 million including a 14% contingency.

(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.²

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.

OVERVIEW

The PEA evaluated a range of mine plans from 400 tonnes per day (“tpd”) to 800 tpd, and considered ramping up throughput to concurrently process the material from the PEA with the Madsen reserve. However, unless the Inferred Resources from Russet South, Fork and Wedge are converted to Indicated, the only scenario the PEA could contemplate is to conceptually mine the three deposits after the end of the feasibility mine plan. Pure Gold intends to continue work to upgrade and expand mineral resources so that further mine plan optimizations may be advanced.

Each of the PEA deposits will be mined from underground, with separate portal and ramp systems established to access the mineral resources in the mine plan. The PEA mine plan relies on the surface and milling infrastructure described in the Madsen Feasibility Study. Mining will be conducted concurrently from Russet South, Fork and Wedge to support a milling rate of 800 tpd. At Russet South, only the shallow portion of the mineral resource was considered to fit for the 800 tpd base case, excluding approximately 52,400 potential ounces from the base case plan.

The PEA implementation schedule spans a period of 12 months, with portal construction and underground mine development at the three deposits commencing approximately 12 months before the first gold pour. The project requires initial capital of C\$57 million (including contingency) to support the construction of the underground mines and associated infrastructure. The mine plan is expected to produce 210,000 ounces over LOM with all in sustaining costs of US\$712/oz gold, which are below industry averages.

JDS Energy and Mining Inc. led the PEA, which included contributions from industry-leading consultants such as Knight Piésold Ltd., 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	1.1 million
Diluted Head Grade	6.4 g/t gold
Total Gold Ounces Mined	219,000
Mine Life	3.7 years
Daily mill commercial throughput	800 tpd
Gold Recovery	96%

Total Gold Production	210,000 oz
Capital Requirements	
Pre-production Capital Cost	\$57 million
Sustaining Capital Cost (Life of Mine)	\$43 million
Operating Costs	
Unit Operating Costs (per tonne processed)	
Mining Costs	\$92/tonne
Processing Costs	\$32/tonne
G&A	\$20/tonne
LOM Average Cash Cost ⁽¹⁾	US\$557/oz gold
LOM All in Sustaining Cash Cost	US\$712/oz gold
Project Economics	
Royalties	Russet South – 2% NSR capped at \$2M
Corporate Income Tax / Ontario Mining Tax	25% / 10%
Pre-Tax	
NPV (5% Discount Rate)	\$79 million
Internal Rate of Return	57%
Payback Period (years)	1.6
Cumulative Cash Flows	\$100 million
Post-Tax	
NPV (5% Discount Rate)	\$51 million
Internal Rate of Return	39%
Payback Period (years)	2.0
Cumulative Cash Flows	\$68 million

(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)	\$37	\$61	\$79	\$85	\$108	\$132
After-Tax NPV _{5%} (\$M)	\$22	\$39	\$51	\$55	\$71	\$88
Pre-Tax IRR	31%	46%	57%	60%	74%	88%
After-Tax IRR	20%	31%	39%	41%	52%	62%

Sensitivity After-Tax NPV (5%) (\$Millions)

%	-15	-10	-5	0	5	10	15
Capex Sensitivity	\$65	\$60	\$55	\$51	\$46	\$42	\$37
Opex Sensitivity	\$65	\$60	\$56	\$51	\$46	\$42	\$37

Sensitivity After-Tax IRR (%)

%	-15	-10	-5	0	5	10	15
Capex Sensitivity	54%	49%	43%	39%	34%	30%	27%
Opex Sensitivity	47%	45%	42%	39%	36%	33%	30%

Mineral Resource

The Company's mineral resource estimate, prepared by Ginto Consulting Inc. and disclosed on February 5, 2019, forms the basis for the PEA. Indicated and Inferred Mineral Resources from the Fork, Russet South, and Wedge deposits were considered for the PEA.

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

Mineral Resource Statement for Madsen Gold Project*

Zone	Indicated			Inferred		
	Tonnes	Grade (g/t gold)	Ounces Gold	Tonnes	Grade (g/t gold)	Ounces Gold
Madsen	6,429,000	9.0	1,857,000	889,000	8.4	241,000
Fork	203,000	6.6	43,000	331,000	5.8	61,000
Russet South	241,000	7.2	56,000	352,000	7.5	85,000
Wedge	322,000	10.3	107,000	307,000	8.0	79,000
Total	7,196,000	8.9	2,063,000	1,880,000	7.7	467,000

* 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

Multiple scenarios from 400 to 800 tpd were completed to evaluate and schedule the mineral resources of the PEA into a mine plan. A 400 tpd scenario considered ramping up throughput to concurrently process material from the feasibility mine plan, Fork, Russet South, and Wedge, however the PEA considers Inferred Resources and unless they are converted to Indicated and until future study work is completed, any potential processing must occur after the end of the feasibility study mine plan. As such the 800 tpd scenario was selected as the base case mine plan as it optimizes the Madsen Feasibility Study design plant capacity.

Deeper portions of Russet South included in the 400 tpd case were not considered in the 800 tpd case, due to the timing to develop this area. A total of 52,437 ounces (196,289 tonnes grading 8.31 g/t gold) was excluded from the 800 tpd mine plan. Ramp access was selected due to the near surface nature of these deposits. The PEA mine plan utilizes a combination of development on mineralization (17%), mechanized cut & fill (15%), and longhole mining (68%) methods to extract mineral resources. Mineral Resources forming the selected base case 800 tpd schedule are comprised of 58% Indicated and 42% Inferred and are sourced from Wedge (50%), Fork (34%), and Russet South (16%). Both the 400 tpd case and the selected base case 800 tpd mine plan are shown below.

400 tpd Mine Schedule

Year	Waste Tonnes	Resource Tonnes	Contained Gold (oz.)	Year	Waste Tonnes	Resource Tonnes	Contained Gold (oz.)
Pre-Production	342,555	-	-				
Year 1	418,183	144,000	29,098	Year 7	675	144,000	22,863
Year 2	261,193	144,000	37,943	Year 8	7,254	144,000	19,646
Year 3	69,546	144,000	35,025	Year 9	2,073	81,927	10,429
Year 4	3,857	144,000	39,041	Year 10	9,438	15,334	2,771
Year 5	2,214	144,000	39,353	Year 11	2,122	10,414	2,213
Year 6	1,961	144,000	32,926	Total	1,121,071	1,259,675	271,308

Base Case Mine Schedule – 800 tpd

Year	Waste Tonnes	Resource Tonnes	Contained Gold (oz.)
Pre-Production	350,767	-	-
Year 1	351,605	288,000	62,499
Year 2	251,867	288,155	62,088
Year 3	40,222	288,000	69,726
Year 4	1,560	199,232	24,557
Total	996,022	1,063,386	218,870

Base Case 800 tpd Mine Schedule by Zone

Zone	Waste Tonnes	Grade (g/t gold)	Contained Gold (oz.)
Fork	357,074	4.5	51,606
Russet South	174,918	7.6	42,483
Wedge	531,395	7.3	124,782
PEA Total	1,063,386	6.4	218,870

Processing

The PEA will utilize the same flow sheet developed for the Madsen Feasibility Study, and will accommodate additional tailings with lifts of 2 to 4 metres to the polishing pond dams. Overall metallurgical recoveries for the mine plan are expected to be 96%, based on new test work conducted on recent drill core from the Russet South, Fork and Wedge deposits.

Capital Costs

Total pre-production capital cost (capex) is estimated at \$57 million (US\$42.9 million), inclusive of a \$7.1 million contingency. The total life of mine capex is \$101 million (US\$76 million), inclusive of incremental closure costs.

Underground mining and haulage is anticipated to be completed using an owner-operator development model operating 365 days per year. LOM sustaining capital costs are estimated at \$43 million with the majority of the costs associated with underground mine development.

Capital Costs	Pre-Production (\$Millions)	Sustaining (\$Millions)	Total (\$Millions)
Mining	42	42	85
Site Development	1	-	1
Mineral Processing	-	-	-
Tailings Management	1	-	1
Site Services	3	-	3
Closure (less salvage)	-	1	1
Indirects	1	-	1
EPCM	1	-	1
Owner's Costs	1	-	1
Subtotal	50	43	93
Contingency	7	0	7
Total Capital Costs	57	43	101

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

Unit and total operating costs were estimated for the PEA over the life of the project. Operating costs were developed 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 \$92/t processed. Processing costs are estimated at \$32/t, general and administrative costs at \$20/t processed.

Operating Costs

Operating Costs	\$/t processed	US\$/oz gold
Mining Cost	92	351
Processing Cost	32	122
G&A Cost	20	77
Refining, Transport and Royalties	2	7
Total Cash Cost⁽¹⁾	146	557
Sustaining Capital (including closure)	41	155
All in Sustaining Cash Cost	187	712

(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 PEA confirms that Russet South, Fork and Wedge have the potential to be economically viable. While the PEA is based on a subset of the 206,000 ounces Indicated and 226,000 ounces Inferred at Russet South, Fork and Wedge, Pure Gold's exploration success to date demonstrates potential to add additional resources in each of these areas. Additionally, if existing resources were upgraded to indicated, it would allow the Company to study an opportunity for concurrent mining through an increase in throughput, though there is no certainty that resources will be upgraded to indicated or converted into reserves. Specific opportunities include:

- Exploration drilling with the goal of converting inferred resources to indicated and expanding the mineral resource including;
 - Expansion of the mineral resource at Russet South, where drilling in 2018 expanded the resource to a vertical depth of 330 metres below surface, including 19.0 g/t gold over 2.0 metres from drill hole PG18-504 and 35.9 g/t gold over 1.0 metre from drill hole PG18-537;¹
 - Continued exploration and growth at Wedge, where strongly mineralized zones have been intersected at a vertical depth of 500 metres, and where recent results include 32.9 g/t gold over 1.7 metres from PG18-600 and 23.1 g/t gold over 2.0 metres from PG18-616;²
- Evaluation of concurrent mining with an opportunity to improve the production profile at Madsen and to allow for opportunities to mine the deeper resource at Russet South where 196,289 tonnes at a grade of 8.3 g/t gold was excluded from the 800 tpd mine plan.

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 Preliminary Economic Assessment 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 Consultants Ltd.	Geology and Data Verification

Darcy Baker, P. Geo., of Equity Exploration Consultants 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.

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.

- (1) See news release dated July 12, 2018 for additional information.
- (2) See news release dated August 16, 2018 for additional information.

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, the potential to increase after-tax net present value to the Madsen Gold Project, the potential for Russet South, Fork and Wedge to be economically viable, 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, expected IRR, 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.