

NEWS RELEASE 16-32

November 15, 2016

## **PURE GOLD REPORTS SECOND QUARTER FINANCIAL RESULTS AND GRANTS STOCK OPTIONS**

VANCOUVER, B.C. – Pure Gold Mining Inc. (PGM – TSX-V) (“Pure Gold” or the “Company”) is pleased to announce financial results and operating highlights for the three and six months ended September 30, 2016, as well as an update on activities at the Company’s 100% owned Madsen Gold Project (“Madsen”). All financial figures are in Canadian dollars, unless otherwise stated.

### **Financial and Operating Highlights Through and Subsequent to September 30, 2016:**

- Raised a total of \$19.0 million from the exercise of share purchase warrants with a strike price of \$0.50 (the “Warrants”), that otherwise expired on September 6, 2016. A total of 38,007,250 Warrants were exercised representing 99.6% of the total Warrants issued;
- Announced an acceleration of its current drill program by adding a fourth drill rig to its program;
- Submitted a project description to the Ministry of Northern Development of Ontario, to allow for the re-opening of the McVeigh portal to allow for underground exploration of the McVeigh horizon. The project description initiates a number of inter-governmental department reviews and the requirement by Pure Gold to submit a specific closure plan for the portal opening, with the anticipation of receiving approval to open the portal in December 2016;
- Announced a \$5.8 million increase to its ongoing drill program which is expected to include 26,000 metres of additional drilling and initiation of an underground exploration program upon re-opening of the McVeigh portal to include underground inspection to confirm the condition of workings and ventilation requirements and initiation of detailed underground mapping in preparation for 2017 underground drilling;
- Hired Ken Donner as Vice President, Operations. Mr. Donner will initially be focused on development management at Madsen, including the re-opening of the existing McVeigh portal and rehabilitation of surface infrastructure;
- Announced the Company’s first ever drill results from the Starratt target. The historic Starratt-Olsen mine and the Starratt target lie within 100% owned patent claims that form a core part of the Madsen Project. Drilling below stopes off of the North end of the Starratt Mine expanded the mineralization significantly down plunge from the mined zones. Drill hole PG16-198 represents the northernmost high-grade gold intercept to date within the Starratt target and intersected 11.0 metres grading 34.0 g/t gold including 2.0 metres grading 27.3 g/t gold and 3.0 metres grading 104.1 g/t gold with an estimated true thickness of the broader interval of 2.3 metres; and

- Reported the first two drill holes from A3, a new high grade gold target within the Austin horizon, located beyond the southern limits of the historic mining in the Austin horizon, and which is interpreted to be another sub-parallel gold bearing structure that is open in all directions.

### Selected Financial Data

The following selected financial data is derived from our unaudited condensed interim consolidated financial statements and related notes thereto for the periods indicated, as prepared in accordance with International Financial Reporting Standards. Details of these results are described in the unaudited condensed interim consolidated financial statements and Management's Discussion and Analysis for the three and six months ended September 30, 2016. These documents can be found on the Company's website ([www.puregoldmining.ca](http://www.puregoldmining.ca)) or on SEDAR at [www.sedar.com](http://www.sedar.com). All dollar figures are expressed in Canadian \$.

	Three months ended September 30		Six months ended September 30	
	2016	2015	2016	2015
Net Loss and Comprehensive Loss for the period	\$7,326,847	\$1,228,903	\$10,119,439	\$2,760,296
Basic and diluted loss per share	\$0.05	\$0.01	\$0.07	\$0.02

	As at	
	September 30, 2016	March 31, 2016
Cash and short-term investments	\$20,051,163	\$2,222,151
Available for sale investment	-	\$3,105,335
Working capital ( <i>current assets less current liabilities</i> )	\$19,479,756	\$4,206,910
Total assets	\$36,204,532	\$21,697,657
Current liabilities	\$2,423,465	\$1,408,402
Non-current liabilities	\$2,495,930	\$2,463,069
Shareholders' equity	\$31,285,137	\$17,826,186

Net losses totaled \$7.3 million and \$10.1 million for the three and six months ended September 30, 2016 compared to \$1.3 million and \$2.8 million for the same periods in the prior year. The most significant contributors to the loss for the three and six month periods ended September 30, 2016 and 2015, were (i) exploration and evaluation expenditures, (ii) wages, consulting and directors fees (iii) investor relations and communication expenditures (iv) office and rent expenses, (v) professional fees and (vi) non-cash share-based compensation expense. Explanations for material variances are described below:

Exploration and evaluation expenditures increased to \$6.8 million and \$9.8 million for the three and six months ended September 30, 2016 compared to \$0.9 million and \$2.0 million for the same periods in the prior year. The six months ended September 30, 2016 saw a significant expansion of exploration activities at Madsen compared to the prior year period. In the prior period, the Company concluded a winter drill program in April and reduced activity at site due to financial constraints. In fiscal 2017 to date, the Company received \$19.0

million from the exercise of share purchase warrants, and completed both a flow-through share financing and the sale of non-core assets to Premier, resulting in a significantly improved financial position allowing the Company to proceed with an aggressive exploration program at Madsen.

Wages, consulting and director fees increased to \$0.2 million and \$0.5 million during the three and six months ended September 30, 2016 compared to \$0.1 million and \$0.3 million for the same period in the prior year, partially due to the payment of severance costs to the Company's former VP, Exploration. In addition, in an effort to conserve cash resources during the six months ended September 30, 2015 the Company's directors and its Chief Executive Officer and Chief Financial Officer deferred their compensation, subject to financing, resulting in decreased wages, consulting and director's fees in the prior period.

Investor relations and communication totaled \$0.1 million and \$0.3 million during the three and six months ended September 30, 2016 compared to \$39,497 and \$0.1 million for the same periods in the prior year. During the three and six months ended September 30, 2016, the Company increased its marketing activities in conjunction with an increased gold price and renewed investor interest in the gold sector. During the three and six months ended September 30, 2015, the Company, in light of difficult financing markets, reduced its level of promotional activities, in an effort to conserve cash.

Professional fees increased to \$40,453 and \$0.1 million during the three and six months ended September 30, 2016 from \$1,005 and \$5,424 in the prior period, primarily due to costs related to the closing of the sale of surface rights for the Buffalo claims to Premier.

Share-based compensation expense decreased for the three and six months ended September 30, 2016 to \$25,477 and \$0.1 million compared to \$51,096 and \$0.1 million for the same periods in the prior year, primarily due to the forfeiture of 868,335 unvested options during the six months ended September 30, 2016, compared to the forfeiture of 300,000 unvested options for the same period in the prior year, which resulted in a higher reversal of share-based compensation expense in the current period.

For the six months ended September 30, 2016, the Company included a realized gain of \$0.7 million within Other Income on the sale of 1,001,720 shares of Premier, which was considered an available for sale investment. This gain includes \$0.5 million previously classified as Other Comprehensive Income, which was reclassified to profit and loss upon disposal of the investment.

The Company currently has approximately \$15.6 million in cash and short-term investments.

### **Exploration at Madsen**

A \$14.9 million exploration program is ongoing at Madsen, which began in May 2016 and is expected to be completed by December 2016. It anticipates 56,000 metres of drilling, targeting the McVeigh and Austin horizons, as well as 5,000 metres targeting exploration targets at Russet South, Starratt and other targets. The program will also entail ongoing environmental monitoring, rehabilitation and tailings dam inspections, and opening and inspection of the historic McVeigh decline to allow for underground mapping and sampling of the McVeigh horizon.

The Company spent a total of \$9.8 million on exploration during the six months ended September 30, 2016 compared to a budget of \$8.9 million. The Company re-forecast the May to December 2016 budget in

September to account for both the acceleration in the original 35,000 metre program as well as the expansion of the program by 26,000 metres. The above variance from budget of \$0.9 million is primarily due to the accelerated drilling which took place in April 2016 as part of the expanded 16,000 metre program. A total of 45,766 metres were drilled during the six months ended September 30, 2016 targeting the McVeigh and Austin horizons near the historic Madsen mine site and the Starratt target, compared to a budget of 35,880 metres. Drilling at Russett South commenced in October, with 2,500 metres planned for this target.

Significant results obtained from drilling during the six months ended September 30, 2016 and subsequent to period end from the McVeigh and Austin horizons and the A3, Starratt, and Russet South targets, include<sup>1</sup>:

- 51.9 g/t gold over 1.0 metre in hole PG16-123 (Austin);
- 26.6 g/t gold over 2.0 metres in hole PG16-124 (Austin);
- 10.0 g/t over 6.2 metres in hole PG16-138 (Austin);
- 23.3 g/t gold over 2.0 metres in hole PG16-138 (McVeigh);
- 21.7 g/t gold over 6.0 metres in hole PG16-148 including 61.8 g/t gold over 2.0 metres (Austin);
- 30.7 g/t gold over 3.1 metres in hole PG16-148 (Austin);
- 61.0 g/t gold over 1.4 metres in hole PG16-151 (Austin);
- 32.5 g/t gold over 2.0 metres in hole PG16-152 (McVeigh);
- 50.2 g/t gold over 4.0 metres in hole PG16-154 including 185.0 g/t gold over 1.0 metre (McVeigh);
- 67.5 g/t gold over 1.1 metres in hole PG16-167 (McVeigh);
- 9.5 g/t gold over 4.9 metres in hole PG16-185 including 17.5 g/t gold over 2.3 metres (McVeigh);
- 8.3 g/t gold over 5.4 metres in hole PG16-191 including 11.6 g/t gold over 3.5 metres (McVeigh);
- 126.6 g/t gold over 3.7 metres in hole PG16-195 including 382.0 g/t gold over 1.0 metre (Austin);
- 34.0 g/t Gold over 11.0 metres in hole PG16-198, including 27.3 g/t gold over 2.0 metres and including 104.1 g/t gold over 3.0 metres (Starratt);
- 25.4 g/t gold over 8.0 metres in hole PG16-229 including 41.3 g/t gold over 4.6 metres (A3);
- 16.7 g/t gold over 1.0 metre in hole PG16-231 (A3);
- 76.0 g/t gold over 2.1 metres in hole PG16-233 including 132.0 g/t gold over 1.1 metres (Russet South);  
and
- 6.6 g/t gold over 9.9 metres in hole PG16-243 including 46.4 g/t gold over 1.0 metre (Russet South).

### Grant of Stock Options

The Company has granted 75,000 stock options to O&M Partners LLC, based in New York, who are consultants to the Company. The options are exercisable at a price of \$0.72 per share and will vest over 18 months as to 1/3 every six months. The options will otherwise expire in five years.

New York-based O&M Partners is a non-deal investor marketing firm dedicated to small cap companies. Their investor targeting effort focuses on generalists, sector specialist investors, as well as small institutions with a focus on key United States financial centres and including secondary markets that are often overlooked.

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<sup>1</sup> See Press Releases dated July 14, 2016, August 9, 2016, September 6, 2016, September 27, 2016, October 3, 2016, October 31, 2016 and November 14, 2016 available on the Company's website at [www.puregoldmining.ca](http://www.puregoldmining.ca) or under its SEDAR profile at [www.sedar.com](http://www.sedar.com), for further details of the results obtained from the McVeigh and Austin horizon and the A3, Starratt, and Russet South target drilling.

This press release should be read in conjunction with Pure Gold's unaudited condensed interim consolidated financial statements and Management's Discussion and Analysis for the three and six months ended September 30, 2016. In addition, for further information please see Pure Gold's Annual Information Form for the year ended March 31, 2016. These documents can be found on the Company's website ([www.puregoldmining.ca](http://www.puregoldmining.ca)) or under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may receive a printed copy of the audited consolidated financial statements, free of charge, upon request.

### **ABOUT MADSEN**

The Madsen Mine operated for over 36 years with historic production of 2.5 million ounces at an average grade of 9.9 g/t gold. The Madsen Gold Project hosts a permitted mill and tailings facility, and access to power, water and labour. The Madsen Gold Project has an Indicated Resource of 928,000 ounces gold at 8.93 g/t gold (in 3.24 million tonnes) and an Inferred Resource of 297,000 ounces gold at 11.74 g/t gold (in 0.79 million tonnes)<sup>2</sup>. The mineral resource is based on 13,624 drill holes, evenly dispersed throughout the mineral resource. A robust geologic model based on 27 levels of geological mapping and chip sampling provides a solid understanding of the geology and continuity of mineralization.

In addition to the mineral resource, the Madsen Gold Project hosts a number of prospective new discoveries including the Fork Zone and Russet South targets, as well as, two significant historic underground mines. Pure Gold believes the opportunity exists to advance these targets through the application of modern exploration science and a new understanding of the district.

### **QA/QC and Core Sampling Protocols**

Drill core samples are submitted to ALS Minerals in Thunder Bay, Ontario for sample preparation by crushing to 70% less than 2mm, a rotary split of 1kg, and pulverization of the split to better than 85% passing 75 microns. Sample pulps are shipped to the ALS assay laboratory in North Vancouver, B.C. for gold analysis with a 30g fire assay and AAS finish (code Au-AA23). Samples returning >5 g/t Au are re-assayed with a gravimetric finish (code GRA21). Mineralized zones with visible gold are also analyzed by a 1kg screen fire assay with screening to 100 microns. A duplicate 30g fire assay is conducted on the screen undersize with assaying of the entire oversize fraction (code Au-SCR21). Control samples (accredited standards and non-accredited blanks) were inserted on a regular basis. Results are assessed for precision on an ongoing basis.

### **Qualified Persons and 43-101 Disclosure**

Phil Smerchanski, 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.

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<sup>2</sup> See the National Instrument 43-101 technical report entitled "Technical Report on the Preliminary Economic Assessment For the Madsen Gold Project," prepared by Nordmin Engineering Ltd., dated effective April 20, 2016. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

## 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 gold 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](http://www.puregoldmining.ca) and under the Company's profile at [www.sedar.com](http://www.sedar.com).

## ON BEHALF OF THE BOARD

*"Darin Labrenz"*

**Darin Labrenz, President & CEO**

### Investor inquiries:

Tel: 604-646-8000

[info@puregoldmining.ca](mailto:info@puregoldmining.ca)

*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. 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; 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 17, 2016 in the section entitled "Risk Factors", under Pure Gold's SEDAR profile at [www.sedar.com](http://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.*