

NEWS RELEASE 17-14

August 18, 2017

PURE GOLD REPORTS FIRST QUARTER FINANCIAL RESULTS

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 months ended June 30, 2017, 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.

Operating Highlights through and subsequent to June 30, 2017:

Madsen Property (“Madsen”)

- Subsequent to quarter end, the Company announced a new mineral resource estimate for Madsen consisting of indicated mineral resources totaling 1,648,000 ounces (5,785,000 tonnes at an average grade of 8.9 g/t gold) and, inferred mineral resources totaling 178,000 ounces (587,000 tonnes at an average grade of 9.4 g/t gold), all at a 4.0 g/t cut-off¹. Indicated resource tonnes increased 27%, grade 17% and total ounces 48%, from the previous resource estimate completed in 2009.
- During the quarter, the Company continued with its Phase I exploration program at Madsen drilling a total of 24,424 metres at the Austin, McVeigh, Fork Zone, and Russet South targets. Drilling highlights for the quarter include 133.4 g/t gold over 2.0 metres in hole PG17-307 including 264.9 g/t gold over 1.0 metre from the McVeigh and 6.2 g/t gold over 3.3 metres in hole PG17-320 which was the deepest gold mineralization intercepted to date by Pure Gold, in the A3 zone of the Austin horizon.
- The Company received permission from the Minister of Natural Resources to resume work underground at the McVeigh Portal, with rock bolting and water and ventilation lines being installed. The Company has now commenced underground drilling in addition to surface drilling at Madsen.

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 months ended June 30, 2017. These documents can be found on the Company’s website (www.puregoldmining.ca) or on SEDAR at www.sedar.com. All dollar figures are expressed in Canadian \$.

¹ See press release dated August 2, 2017 for complete details of the new mineral resource statement available on the Company’s website at www.puregoldmining.ca, or under the Company’s profile at www.sedar.com.

	Three months ended June 30	
	2017	2016
Net Loss for the period	\$7,573,291	\$2,792,592
Exploration and evaluation expenditures	\$6,808,919	\$2,979,398
Total Comprehensive Loss for the period	\$7,573,291	\$3,243,366
Basic and diluted loss per share	\$0.04	\$0.02

	As at	
	June 30, 2017	March 31, 2017
Cash and short-term investments	\$9,421,936	\$16,531,815
Working capital (<i>current assets less current liabilities, excluding non-cash flow-through premium liability</i>)	\$8,559,957	\$16,145,928
Total assets	\$27,573,974	\$35,311,795
Current liabilities	\$4,736,083	\$5,103,527
Non-current liabilities	\$2,532,083	\$2,529,001
Shareholders' equity	\$20,305,808	\$27,679,267

Net loss for the three months ended June 30, 2017 totaled \$7.6 million compared to \$2.8 million for the same period in the prior year. The most significant contributors to the loss for the periods ended June 30, 2017 and 2016, 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 for the three months ended June 30, 2017, compared to \$3.0 million for the same period in the prior year.

The three months ended June 30, 2017 saw a significant expansion of exploration activities at Madsen compared to the prior period. In the three months ended June 30, 2017, the Company has continued the Phase I exploration program. In the prior period, the Company was conducting a smaller scale exploration program, drilling a total of 15,126 metres.

Share-based compensation expense increased to \$0.2 million for the three months ended June 30, 2017, compared to \$46,428 in the same period in the prior year, reflecting the higher fair market value of options issued in recent periods. In addition, the forfeiture of 291,668 unvested options during the quarter ended June 30, 2016 resulted in a reversal of share-based compensation expense. There were no forfeitures of options for the same period in the current year.

Other Comprehensive income: For the three months ended June 30, 2016, the Company disposed of its investment in Premier Gold Mines Ltd and reclassified the unrealized gain of \$0.7 million recorded in other comprehensive income to other income in the consolidated statement of loss.

The Company currently has approximately \$5.3 million in cash and short-term investments.

Exploration at Madsen

The Company spent a total of \$6.8 million on exploration and other studies at Madsen during the first quarter ended June 30, 2017 bringing the total expenditures for the current Phase I exploration program to \$14.4 million consistent with budget of \$14.3 million.

The Phase I program is expected to include a minimum of 70,000 metres of drilling including a component of underground drilling and includes reinstalling underground services to the McVeigh decline and ongoing engineering studies on stope optimization. To date a total of 54,144 metres of drilling have been completed under Phase I.

Phase I is expected to be completed in September 2017. Phase II is contingent upon the results of Phase I but is expected to contain further drilling from both surface and underground.

With the completion of the new resource for the Madsen deposit, the Company has initiated a revised Preliminary Economic Assessment (“PEA”). Trade-off studies considering the entire indicated resource have commenced and it is anticipated that the revised PEA will be completed in the fall of 2017.

In addition, an additional mineral resource update, expected to be issued in the fourth quarter of calendar 2017, will incorporate mineralization in Madsen’s satellite targets for the first time.

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 months ended June 30, 2017. In addition, for further information please see Pure Gold’s Annual Information Form for the year ended March 31, 2017. These documents can be found on the Company’s website (www.puregoldmining.ca) or under the Company’s profile on SEDAR at www.sedar.com. Shareholders may receive a printed copy of the audited consolidated financial statements, free of charge, upon request.

ABOUT MADSEN

The Madsen Gold Project is one of the highest-grade, undeveloped gold projects in the world. With historic production of 2.5 million ounces at an average grade of 9.9 g/t gold, it is the second largest producer in the prolific Red Lake Mining District. The Madsen Gold Project benefits from existing infrastructure including a permitted mill and tailings facility, paved highway access, and access to power, water and experienced labour. The Madsen Gold Project has an Indicated Resource of 1,648,000 ounces gold at 8.9 g/t gold (in 5.79 million tonnes) and an Inferred Resource of 178,000 ounces gold at 9.4 g/t gold (in 0.59 million tonnes). The mineral resource is based on 14,627 evenly dispersed drill holes. A robust geologic model based on extensive historical and modern geoscience data provides a solid understanding of the geologic framework 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 deposits, as well as two significant historic underground mines. Pure Gold is focused on advancing 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 in 2017 are bagged and sealed and submitted to SGS in Red Lake, Ontario for sample preparation by crushing to 75% less than 2mm, a riffle split of 1kg, and pulverization of the split to better than 85% passing 75 microns. Gold analysis is completed in the SGS Red Lake lab with a 30g fire assay and AAS finish (code GE-FAA313). Samples returning >5 g/t Au are re-assayed with a gravimetric finish (code GO-FAG303). Mineralized zones with visible gold are also analyzed by a 1kg screen fire assay with screening to 106 microns (code GO-FAS51K). Two 30g fire assays are conducted on the screen undersize and combined with an assay of the entire oversize fraction. 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.

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.

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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 16, 2017 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.