

NEWS RELEASE 19-21

August 07, 2019

PURE GOLD SECURES US\$90 MILLION CONSTRUCTION FINANCE PACKAGE AND ANNOUNCES CONSTRUCTION DECISION FOR MADSEN RED LAKE MINE

VANCOUVER, B.C. – Pure Gold Mining Inc. (TSX-V: PGM, LSE: PUR) (“**Pure Gold**” or the “**Company**”) is pleased to announce closing of a US\$90 million project financing package (the “**Financing**”) with Sprott Resource Lending Corp. (“**Sprott**”). The Financing will fully fund the costs to develop an underground mine at Pure Gold’s Madsen Gold Project (the “**Project**”). The Financing is comprised of a credit facility (the “**Facility**”) for US\$65 million, and a US\$25 million callable gold stream (the “**Gold Stream**”).

With the Project now fully funded, the Company is also pleased to announce that its Board of Directors have approved a “decision to construct” for the Madsen Red Lake Mine. With approximately C\$90 million in the treasury on closing of the first tranche of this financing, and a recent Project Agreement signed with Wabauskang First Nation and Lac Seul First Nation, the Company will immediately commence development activities with a goal of first gold pour by the end of 2020. Additionally, the financial flexibility provided by this Financing and the recent equity raise of C\$47.5 million will allow the Company to continue to pursue a growth strategy, with exploration drilling expected to continue through the balance of the year.

In addition to this Financing, Sprott purchased US\$5 million of units in Pure Gold’s recently completed non-brokered private placement which closed on July 18, 2019. A summary of the key terms of the Facility, Gold Stream and private placement are as follows:

The Facility

- Term of 7 years
- US\$65 million in principal structured in multiple tranches:
 - US\$10 million will be advanced at closing
 - Subsequent tranches available to the Company on satisfaction of customary conditions
- Interest rate of 3-month LIBOR plus 5.50% to 6.75% per annum
- 100% of interest costs capitalized to principal until March 2021
- Principal payments are sculpted to cash flow and payable in quarterly instalments from September 2022
 - 65% of the total amount advanced will be repaid prior to the maturity date
- 2.0% arrangement fee payable pro-rata on drawdown of each tranche
- Fixed US\$10 per ounce production-linked payment on the first 500,000 ounces produced
 - Payments are to be financially settled on a monthly basis and can be terminated at any time by payment of an early termination fee
- On the Completion Date¹, a fee of 2.25% of the principal outstanding will be payable in cash or shares at Sprott’s option.
- Penalty-free repayment of outstanding principal and interest after August 2022
- No hedging, cash sweeps, cash collateralization, or offtake agreement

¹ Completion will occur when construction is complete and the Project has successfully completed an agreed completion test.

Callable Gold Stream

- US\$25 million as prepayment for 5.0% of the gold production until 50,000 ounces of gold has been delivered
 - Gold Stream reduces to 2.5% of gold production thereafter
 - Fully advanced on closing
- Ongoing payments of 30% of the spot gold price
- Full buyback option, where Pure Gold may elect to terminate the entire Gold Stream:
 - On June 30, 2021 by paying US\$35 million
 - On June 30, 2022 by paying US\$38 million

Private Placement

- In addition to the Facility and Gold Stream, Sprott has subscribed for 11,850,000 units, as part of the Company's recently completed non-brokered private placement, which closed on July 18, 2019, for proceeds of US\$5 million, fully aligning interests with the Company.

As the financing has closed, Pure Gold will issue to Sprott 3,841,000 common shares. Following issuance of the shares, Sprott will own approximately 4.4% of the issued and outstanding common shares of the Company on a non-diluted basis. The issuance of the common shares to Sprott at closing and on the Completion Date is subject to approval of the TSX Venture Exchange.

"With access to the capital provided by the Financing, the construction of the Madsen Red Lake Mine is now fully funded," said Darin Labrenz, President and CEO of Pure Gold. "We are very pleased with the financial commitments that Sprott have made towards the development of the Project. We have achieved our objective of securing a flexible financing package on terms that are competitive and protect the upside for our shareholders. The optionality of repayment of both the Facility and the Gold Stream in a rising gold price environment provides an opportunity to refinance once in production and generating solid cash flows from the mine. Combined with the recently completed equity financing, this package secures approximately C\$90 million of immediate funding enabling us to initiate construction and puts us on track for first gold pour by late 2020."

Dušan Petković, Principal of Sprott, commented, "As one of the largest investors dedicated to the natural resource sector, Sprott is excited to partner with Pure Gold on the development of the Madsen Gold Project. Our partnership with Pure Gold is consistent with our strategy of providing innovative and flexible capital to maximize the value of exceptional projects. We are pleased to participate alongside our colleagues at Sprott Capital Partners and play an integral role in fully funding the construction of the Madsen Red Lake Mine."

All definitive documentation for the Financing has been signed and Pure Gold expects to receive the proceeds from the Gold Stream and the first US\$10 million tranche from the Credit Facility, on August 7, 2019.

Project Financing and Initial Capital

The US\$90 million in proceeds from the Financing fully fund the initial capital costs to develop a mine at Madsen Red Lake based on the Feasibility Study (as defined below). Combined with the recently closed C\$47.5 million equity financing, the Financing provides flexibility to continue exploration and advance our new discoveries

forward. The callable stream provides immediate cash to the Company allowing development activities to commence while we finalize our permit amendments, and can be repurchased once the mine is in production and generating cash flow.

Since the completion of the Feasibility Study, a rising gold market has seen the gold price advance from the feasibility base case price of US\$1,275 per ounce to US\$1,474 per ounce (August 6th spot price), while the Canadian dollar has remained relatively flat at US\$0.75 to C\$1.00, translating to a record high Canadian dollar gold price of C\$1,957 per ounce. Sensitivity analysis shows that, using today's metal price and exchange rate, the project is projected to return an after tax NPV(5%) of C\$369 million and after-tax IRR of 49%, with initial capital requirement of C\$95 million.¹

Construction Decision

With the completion of the Financing, the Company is pleased to announce that its Board of Directors has approved a "decision to construct" for the Madsen Red Lake Mine. With approximately C\$90 million expected to be on hand at the closing of the Financing, the Project is fully funded and construction will commence with first gold pour targeted for late 2020. Initial plans for detailed engineering and procurement are being formalized, and a hiring strategy has been initiated to facilitate the short Project implementation schedule.

Endeavour Financial is acting as financial advisor to the Company and Blake, Cassels & Graydon LLP has acted as legal counsel to the Company.

ABOUT MADSEN

The Madsen Red Lake Gold Mine has historical production of 2.6 million ounces of gold and a current indicated resource of 2,063,000 ounces gold at 8.9 g/t gold (in 7.2 million tonnes), an inferred resource of 467,000 ounces gold at 7.7 g/t gold (in 1.9 million tonnes), in both cases inclusive of mineral reserves, and benefits from existing infrastructure including a mill and tailings facility, paved highway access, and access to power, water and experienced labour. The recently released Feasibility Study for the Madsen Red Lake Gold Mine outlines an 800 tonne per day underground mining operation with a 12 year mine life, Probable Mineral Reserves of one million ounces of gold grading 9 g/t in 3.5 million tonnes, and a low initial capital cost of C\$95 million (US\$71 million), putting the Madsen Red Lake Mine firmly on the path to becoming Canada's next iconic gold mine.

(1) See the technical report titled "Madsen Gold Project Technical Report Feasibility Study for the Madsen Deposit Red Lake, Ontario, Canada" with an effective date of February 5, 2019, and dated July 5, 2019 (the "Feasibility Study"), for further information, available at www.puregoldmining.ca or under the Company's Sedar profile at www.sedar.com

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.

Our mandate is pure and simple. To dream big. To colour outside the lines. To use smart science and creativity to unlock the Madsen Red Lake Gold Mine 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

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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 the Madsen Gold Project being fully funded and the initiation of construction, the timing of the first production at Madsen Gold Project, the Facility, including draw down of additional tranches, the potential benefits of the Financing, potential quantity and/or grade of minerals, the Company's exploration strategy, production rates and the net present value and internal rate of return of the Madsen Gold Project. 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 March 20, 2019 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.