

NEWS RELEASE 19-06

March 21, 2019

## PURE GOLD REPORTS FINANCIAL RESULTS FOR YEAR-ENDED DECEMBER 31, 2018 AND FILES TECHNICAL REPORT

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 fiscal year ended December 31, 2018. All financial figures are in Canadian dollars, unless otherwise stated. The company also announces that a new Technical Report for the Madsen Gold Project has been filed on SEDAR.

### Change of fiscal year-end

To better align its financial reporting with the calendar year and that of its industry peers, during the nine months ended December 31, 2018, the Company changed its fiscal year end to December 31, from March 31. The Company’s transition year is the nine months ended December 31, 2018, and the comparative period is the twelve months ended March 31, 2018.

### Financial and Operating Highlights through and subsequent to December 31, 2018:

- Released the results of an independent feasibility study for the Madsen deposit<sup>1</sup>. The feasibility study outlines a high-grade underground mining operation with a production rate of 800 tonnes per day (“**tpd**”) at modest initial capital cost and strong financial performance based upon a US\$1,275/troy ounce gold.

Base case parameters in the feasibility study assume a gold price of US\$1,275/oz and an exchange rate (Canadian \$ to US \$) of 0.75. Highlights of the feasibility study include:

- Probable Mineral Reserves of 3.5 million tonnes at 9.0 grams per tonne (“**g/t**”) gold containing 1.0 million ounces gold;<sup>12</sup>
- Modest initial capital requirement of \$95 million including a 9% contingency;
- Mine life of 12.3 years with a 13-month pre-production period from a production decision;
- Peak annual production of approximately 125,000 ounces of gold with average annual gold production in years 3 through 7 of approximately 102,000 ounces of gold;
- Life of Mine (“**LOM**”) direct operating cash cost<sup>3</sup> estimated at US\$607 per ounce of payable gold;
- LOM all in sustaining cash cost (“**AISC**”) <sup>4</sup> estimated at US\$787 per ounce of payable gold;
- Pre-tax Net Present Value (“**NPV**”) at 5% and Internal Rate of Return (“**IRR**”) of \$353 million and 43% respectively with a 3.0-year payback of initial capital;

<sup>1</sup> See the technical report titled “**Madsen Gold Project Technical Report, Feasibility Study for the Madsen Deposit and Preliminary Economic Assessment for the Fork, Russet South and Wedge Deposits Red Lake, Ontario, Canada**” for further information, available at [www.puregoldmining.ca](http://www.puregoldmining.ca) or under the Company’s Sedar profile at [www.sedar.com](http://www.sedar.com)

<sup>2</sup> Mineral reserve estimate effective as of February 5, 2019.

<sup>3</sup> Cash cost includes mining cost, mine-level G&A, milling and refining cost. This is a non-GAAP performance measure; please see “Non-GAAP Measures and Other Financial Measures” below.

<sup>4</sup> All in sustaining cash cost adjusts cash cost for corporate G&A and sustaining capital expenditures. This is a non-GAAP performance measure; please see “Non-GAAP Measures and Other Financial Measures” below.

- After-tax NPV at 5% and IRR of \$247 million and 36% respectively with a 3.4-year payback of initial capital.

The feasibility study supports a high-grade underground mining operation with engineered stopes containing 1.0 million ounces of gold in probable mineral reserves. The project benefits from significant mining, milling and tailings infrastructure already in place. Mining will be conducted from new ramp development utilizing a combination of cut and fill and longhole 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 proposed Madsen implementation schedule is over a period of 13 months, with underground mine development commencing approximately nine months before the first gold pour. The project requires initial capital of \$95 million (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.

- Announced the results of a Preliminary Economic Assessment (“**PEA**”) for the Fork, Russet South, and Wedge deposits that demonstrates the potential to add approximately \$51 million to the Madsen after-tax net present value at an IRR of 39%.

The PEA provides a blueprint of how Pure Gold might extend mine life or with further resource definition and permitting work, possibly increase the annual production profile at Madsen. The PEA represents the first conceptual expansion scenario for the future phased growth of the Madsen Mine.

Highlights of the PEA include<sup>1</sup>:

- Base case parameters assume a gold price of US\$1,275/ounce and an exchange rate (C\$ to US\$) of 0.75.
  - Mine life extension of 3.7 years with total production from the Fork, Russet South and Wedge deposits of 210,000 ounces of gold;
  - LOM direct operating cash cost<sup>3</sup> estimated at US\$557 per ounce of payable gold;
  - LOM AISC<sup>4</sup> estimated at US\$712 per ounce of payable gold;
  - Pre-tax NPV<sub>5%</sub> and IRR of \$79 million and 57% respectively with a 1.6-year payback of initial capital; and
  - After-tax NPV<sub>5%</sub> and IRR of \$51 million and 39% respectively with a 2.0-year payback of initial capital; and
  - Initial capital requirement of \$57 million including a 14% contingency
- Announced an updated mineral resource estimate for Madsen that was used for the basis of the feasibility study and PEA. This mineral resource estimate includes updated and expanded mineral resources for all previously reported deposits, including Madsen, Fork and Russet South and includes first time disclosure of mineral resources at the Company’s Wedge deposit. Details include<sup>1</sup>:
    - Indicated mineral resources increase by 319,000 ounces of gold to a total of 2,063,000 ounces of gold (7,196,000 tonnes at an average grade of 8.9 g/t gold) at a 4.0 g/t gold cut-off;

- Additionally, inferred mineral resources increase by 171,000 ounces of gold to a total of 467,000 ounces of gold (1,880,000 tonnes at an average grade of 7.7 g/t gold) at a 4.0 g/t cut-off;
  - Russet South, Fork and Wedge indicated resources grew by 114% to 206,000 ounces of gold (767,000 tonnes at an average grade of 8.4 g/t gold) and inferred resources grew by 91% to 226,000 ounces of gold (991,000 tonnes at 7.1 g/t gold) at a 4.0 g/t gold cut-off; and
  - First time disclosure of indicated mineral resources at Wedge of 107,000 ounces of gold (322,000 tonnes at an average grade of 10.3 g/t gold) and inferred mineral resources of 79,000 ounces of gold (307,000 tonnes at an average grade of 8.0 g/t gold) at a 4.0 g/t cut-off.
- Surface drilling during the year continued to expand gold mineralization in the Wedge Deposit, reinforcing the importance of Wedge as a key component of the large high-grade mineral system in place at Madsen. Drilling highlights from Wedge during the year included<sup>56</sup> :
    - 32.9 g/t gold over 1.7 metres from drill hole PG18-600;
    - 14.5 g/t gold over 1.5 metres from drill hole PG18-599;
    - 12.7 g/t gold over 1.7 metres from drill hole PG18-603;
    - 11.8 g/t gold over 2.3 metres from drill hole PG18-602;
    - 12.4 g/t gold over 3.0 metres, including 32.7 g/t gold over 1.0 metre from drill hole PG18-620;
    - 23.1 g/t gold over 2.0 metres including 33.4 g/t gold over 1.0 metre from drill hole PG18-616.
  - Underground test mining in 2018 was successful in highlighting the strong visual nature of the mineralization, demonstrating excellent ground conditions, and confirming the geologic model that underpins the mine plan for the feasibility study<sup>1</sup>. Results exceeded expectations, with tonnes, grade and mining width greater than predicted from the resource model. Overall, an average grade of 10.2 g/t gold was returned from 1,555 muck samples collected during mining of the bulk sample. The average grade of 10.2 g/t gold is a capped, diluted mined grade, which comprises all muck samples from 70 rounds of freshly blasted rock, each of which averaged above a cut-off of 4.0 g/t gold.

Key points from the test mining were:

- At a 4.0 g/t gold cut-off, the bulk sample estimate includes 46% more tonnes, 8% higher gold grade and an estimated 56% more ounces of gold than predicted from the resource model blocks;
- Overall mining width of 5.3 metres, exceeding the predicted width of the mineralized structures by 53%;
- In the two planned stoping areas, mined tonnes were within 1% of the predicted tonnes from the resource model, with an estimate of 14% more gold mined than expected due to a higher than predicted average diluted grade of 10.9 g/t gold at a 4.0 g/t gold cut-off;

<sup>5</sup> See press release dated June 5, 2018, available on the Company's website at [www.puregoldmining.ca](http://www.puregoldmining.ca) or the Company's Sedar profile at [www.Sedar.com](http://www.Sedar.com).

<sup>6</sup> See press release dated August 16, 2018, available on the Company's website at [www.puregoldmining.ca](http://www.puregoldmining.ca) or the Company's Sedar profile at [www.Sedar.com](http://www.Sedar.com).

- Underground drilling conducted during test mining defined a third stopping area, resulting in the mining of an estimated 440 additional ounces of gold from 1,575 tonnes at a grade of 8.7 g/t gold;
- Further underground drill results continue to identify opportunities for potential extensions to mining.

New underground drilling highlights from the year include<sup>78</sup>:

- 57.1 g/t gold over 22.1 metres, including 232.4 g/t gold over 5.2 metres which includes 1175.0 g/t gold over 1.0 metre from drill hole PGU-0109;
- 19.6 g/t gold over 4.5 metres from drill hole PGU-0087;
- 16.6 g/t gold over 4.0 metres from drill hole PGU-0088;
- 20.1 g/t gold over 6.0 metres from drill hole PGB-0131, including 38.6 g/t gold over 2.0 metres;
- 47.6 g/t gold over 6.0 metres from drill hole PGB-0134;
- 30.3 g/t gold over 2.0 metres and 133.0 g/t gold over 1.0 metre from drill hole PGB-0140;
- 15.2 g/t gold over 2.9 metres from drill hole PGB-0152.

## Outlook

With the feasibility study now complete Pure Gold will continue to advance Madsen 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:

- Continuing working with First Nations to promote a cooperative and mutually respectful relationship concerning Pure Gold's development plan, and to finalize an agreement to govern this relationship;
- Advancing project finance opportunities;
- Optimizing the project execution schedule, including detailed engineering, procurement and permitting;
- Continuing environmental studies and documentation to support the update and filing of existing permits and filing for additional permits that may be required;
- Commencing detailed engineering and design activities; and
- Continuing exploration with the aim of making new discoveries and continuing growth of the resource base.

The feasibility study, focused exclusively on the Madsen deposit, outlines a robust high-grade, low capital mining operation. Exploration by the Company to date has demonstrated that Madsen has outstanding potential for

<sup>7</sup> See press release dated June 5, 2018, available on the Company's website at [www.puregoldmining.ca](http://www.puregoldmining.ca) or the Company's Sedar profile at [www.Sedar.com](http://www.Sedar.com).

<sup>8</sup> See press release dated November 28, 2018, available on the Company's website at [www.puregoldmining.ca](http://www.puregoldmining.ca) or the Company's Sedar profile at [www.Sedar.com](http://www.Sedar.com).

growth and opportunities for scalability. Key opportunities to enhance the project over the project life include potential expansion of the Madsen 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 of gold (0.9 million tonnes at 8.4 g/t gold)<sup>1</sup>;
- High-grade 8 Zone expansion potential beyond the reserve scheduled to commence mining in year four of operations;
- Growth of the Fork Footwall resource down plunge in a similar target setting the Madsen deposit 8 zone; and
- Potential 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;

With the addition of the PEA for the Fork, Russet South, and Wedge zones, Pure Gold has demonstrated the potential to either add mine life or improve annual production throughput at Madsen with further advancement of these deposits. Subject to availability of funds, the Company plans to continue exploring these zones to define further mineralization and upgrade the resource classification with the goal of determining the feasibility of adding production from these zones to the Madsen mine production profile, as early as practical in the mine life.

#### **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.

#### **Selected Financial Data**

The following selected financial data is derived from our 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 consolidated financial statements and Management's Discussion and Analysis for the fiscal period ended December 31, 2018. 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 \$.

	Nine months ended December 31	Year ended March 31	
	2018	2018	2017
Net Loss for the period	\$21,901,184	\$26,161,068	\$24,532,025
Exploration and evaluation expenditures	\$19,360,713	\$26,343,021	\$22,897,880
Total Comprehensive Loss for the period	\$21,901,184	\$26,161,068	\$24,982,799
Basic and diluted loss per share	\$0.09	\$0.13	\$0.15

	December 31, 2018	As at March 31, 2018	March 31, 2017
	Cash and short-term investments	\$4,277,624	\$7,443,078
Working capital ( <i>current assets less current liabilities</i> )	\$3,857,475	\$5,245,238	\$13,153,928
Total assets	\$20,871,965	\$24,661,551	\$35,311,795
Current liabilities	\$1,019,408	\$3,317,770	\$5,103,527
Non-current liabilities	\$2,438,919	\$2,372,958	\$2,529,001
Shareholders' equity	\$17,413,638	\$18,970,823	\$27,679,267

This press release should be read in conjunction with Pure Gold's Consolidated Financial Statements and Management's Discussion and Analysis for the fiscal period ended December 31, 2018. In addition, for further information please see Pure Gold's Annual Information Form for the fiscal period ended December 31, 2018. 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.

#### 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.

#### Pure Gold Files Technical Report

Pure Gold is also pleased to announce the filing on SEDAR of a technical report for the updated mineral resource estimate and feasibility study for Madsen and PEA for the Fork, Russet South and Wedge Deposits. The mineral resource estimate, feasibility study and PEA were previously disclosed in the Company's news releases dated February 5, 2019, February 11, 2019 and February 27, 2019, respectively.

The technical report is titled "**Madsen Gold Project Technical Report, Feasibility Study for the Madsen Deposit and Preliminary Economic Assessment for the Fork, Russet South and Wedge Deposits Red Lake, Ontario, Canada**" has an effective date of February 5, 2019 and was signed on March 21, 2019 (the

"**Technical Report**"). The Technical Report was authored by independent Qualified Persons and is in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects.

The Technical Report is available under the Company's profile at [www.sedar.com](http://www.sedar.com) and will also be available on the Company's website at [www.puregoldmining.ca](http://www.puregoldmining.ca).

## **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](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**

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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, 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 March 20, 2019 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.*