

NEWS RELEASE 16-04

March 3, 2016

## PURE GOLD COMMENCES PRELIMINARY ECONOMIC ASSESSMENT AT MADSEN

VANCOUVER, B.C. – Pure Gold Mining Inc. (PGM – TSX-V) (“Pure Gold” or the “Company”) is pleased to announce that it has initiated a Preliminary Economic Assessment (“PEA”) of the Company’s 100% owned Madsen Gold Project, in Ontario’s Red Lake mining district. The PEA will provide a base case assessment of near term development opportunities utilizing existing mining infrastructure, including the permitted mill and tailings facility, to develop the existing near-surface mineral resource. The objective of this study is to maximize the value of existing mine infrastructure while minimizing pre-production capital costs. Completion of the PEA is expected in Q2 2016.

“The Madsen Gold Project is a unique Canadian-based asset with a history of high-grade production, an in-situ high-grade gold resource, mining infrastructure, and permitted milling and tailings facilities. The completion of an assumed 500 tonnes per day base case development scenario will be a stepping stone as we target resource growth through our accelerated exploration program,” said Darin Labrenz, President and CEO of Pure Gold. “Our team has been conducting scoping-level mine design using the existing mineral resource and are investigating a development scenario utilizing a dedicated haulage ramp.”

Nordmin Engineering Ltd., Mining Services Division in Sudbury, Ontario (“Nordmin”) has been contracted to work with the Company’s technical team on the PEA. Nordmin will report on the scoping-level capital costs, operating costs, and project economics associated with the potential development of the Madsen mineral resource. The PEA will consider and make recommendations based upon:

- Estimated mineable tonnes and grade based on the ramp accessible portion of the mineral resource;
- Detailed mine design utilizing the existing surface portal, phased expansion of the related ramp, and mechanized underground mining methods;
- Mill production assumed to be approximately 500 tonnes per day using the existing milling and tailings facility; and a review of throughput expansion opportunities;
- A review of milling performance and metallurgical recovery based on existing mill records;
- A review of the Company’s existing permits, including the Environmental Compliance Approval which allows for operation of a 1,089 tonne per day mill and carbon-in-pulp (CIP) circuit with discharge of treated tailings to the existing tailings facility;
- A proposed work program to continue advancing the project.

Concurrent with the PEA, Pure Gold is conducting a two rig, 16,000 metre diamond drilling program designed to test and advance new interpretations of near-surface high-grade targets, in close proximity to the historic mine. Initial results from the ongoing program designed to test the McVeigh horizon, which only saw limited historic mining to 230 metre depth, have recently returned values such as 16.0 g/t gold over 7.0 metres in hole PG16-058<sup>1</sup>. These drill results support the Company’s interpretation that the McVeigh horizon hosts broad shoots of high-grade gold mineralization with significant expansion potential. This Phase 1 drilling program is ongoing and expected to continue until June 2016.

## **ABOUT MADSEN**

The historic Madsen Mine operated for over 36 years with historic production of 2.5 million ounces grading 9.9 g/t gold. The Austin horizon was the principal source of mine feed for the Madsen Mine, and was mined from surface to a depth of 1,200 metres at a rate of 170,000 ounces of gold per 100 vertical metres. The Madsen Gold Project hosts an operational head frame, a permitted mill and tailings facility, and access to power, water and labour.

The Madsen Gold Project currently has an Indicated Resource of 928,000 ounces gold at 8.93 g/t Au (in 3.24 million tonnes) and an Inferred Resource of 297,000 ounces gold at 11.74 g/t Au (in 0.79 million tonnes)<sup>2</sup>. The mineral resource is based on 13,624 drill holes, the majority being underground holes evenly dispersed throughout the mineral resource, and a robust geologic model based on 27 levels of geological mapping and sampling.

In addition to the mineral resource, the Madsen Gold Project hosts a number of highly prospective new discoveries including the Fork Zone and Russet South targets where drilling in 2015 returned 15.0 g/t gold over 5.0 metres from hole PG15-028 and 39.1 g/t gold over 2.9 metres from hole PG15-031<sup>3</sup>. Pure Gold believes the opportunity exists to advance these near-surface, high-grade exploration targets through the application of modern exploration science and a new understanding of the district.

*(1) See press release dated March 1, 2016. (2) See the National Instrument 43-101 technical report entitled "Technical Report for the Madsen Gold Project Red Lake, Ontario, Canada," prepared by SRK Consulting (Canada) Inc. dated effective February 18, 2014. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. (3) See news releases dated March 2, 2015 and March 16, 2015.*

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

Darren O'Brien, 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 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

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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 4, 2015 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.*