

NEWS RELEASE 15-11

August 12, 2015

## PURE GOLD REPORTS FIRST QUARTER FINANCIAL AND OPERATING RESULTS

VANCOUVER, B.C. – Pure Gold Mining Inc. (PGM – TSX-V) (“Pure Gold” or the “Company”) is pleased to announce its financial results and company highlights for the fiscal 2016 first quarter ended June 30, 2015 and provide an update on company activities at the Madsen Gold Project, located in the Red Lake district, Ontario.

“We added a new chapter to Madsen in the first quarter with the additional discovery of shallow high-grade mineralization at Russet South,” stated Darin Labrenz, Pure Gold President & CEO of Pure Gold. “These near-surface discoveries continue to validate our near-surface exploration model at our 100% owned Madsen project. Madsen has an operational head frame, a permitted mill and tailings facility, and access to power, water and labour. With 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>1</sup> it is one of the most compelling exploration and development stories today.”

### Financial and operational highlights through and subsequent to the first quarter end June 30, 2015:

- **New High-Grade Gold Discovery at Madsen Gold Project**

During the quarter, Pure Gold was successful in discovering high-grade gold intercepts from Russet South, including a new discovery at the Kappa Target, a 500 metre step out from previously reported results. Drill highlights included:

- 6.5 g/t gold over 1.3 metres from hole PG15-034;
- 20.0 g/t gold over 0.7 metres from hole PG15-038;
- 35.2 g/t gold over 0.6 metres, and 5.4 g/t gold over 8.0 metres including 12.3 g/t gold over 2.9 metres from hole PG15-045;

Drilling at the southern extent of Fork Zone extended the high grade structure to 350 metres where it remains open along strike and down dip. Near-surface drill highlights include:

- 3.9 g/t gold over 12.1 metres (including 8.4 g/t gold over 1.6 metres and 7.3 g/t gold over 2.5 metres) from hole PG15-037;

*(See press releases dated May 27, 2015 and June 16, 2015)*

- **Launch of Summer Exploration Program**

Pure Gold has commenced a systematic summer exploration program to further refine the targeting model, advance existing targets to a drill-ready stage, and generate new targets across the 50 km<sup>2</sup> property. The summer program includes:

- Trenching, outcrop stripping, and channel sampling at Russet South,
- Focused geologic mapping and sampling in key structural corridors,
- Expansion of the geochemical sampling program with an additional 4,000 soil samples.

## SELECTED FINANCIAL DATA

The following selected financial data is derived from our unaudited condensed interim consolidated financial statements for the 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, 2015. 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<br>June 30 |               |
|--|-------------------------------|---------------|
|  | 2015                          | 2014          |
| Loss and comprehensive loss for the period | (\$1,531,393)                 | (\$1,613,854) |
| Basic and diluted loss per share           | (\$0.01)                      | (\$0.02)      |

  

|  | As at            |                   |
|--|------------------|-------------------|
|  | June 30,<br>2015 | March 31,<br>2015 |
| Cash and short-term investments                                    | \$3,948,268      | \$6,529,937       |
| Working capital ( <i>current assets less current liabilities</i> ) | \$3,194,727      | \$4,990,710       |
| Total assets   | \$24,208,034     | \$26,338,681      |
| Current liabilities  | \$1,176,835      | \$1,787,173       |
| Non-current liabilities  | \$2,497,974      | \$2,571,775       |
| Shareholders' equity   | \$20,533,225     | \$21,979,733      |

Loss from operations totaled \$1.5 million for the three months ended June 30, 2015 compared to \$1.6 million for the same period in the prior year. The most significant contributors to the loss for the three month period ended June 30, 2015 were (i) exploration and evaluation expenditures of \$1.1 million (ii) wages, consulting and director fees of \$0.2 million (iii) non-cash share-based compensation expense of \$0.1 million and (iv) office and rent expenditures of \$0.1 million.

The explanation for significant variances in expenses for the three months ended June 30, 2015 compared to the three month period ended June 30, 2014, are as follows:

- Exploration and evaluation expenditures totalled \$1.1 million for the three months ended June 30, 2015, compared to \$0.6 million for the same period in 2014. The increased expense for the three months ended June 30, 2015 is due to the commencement of the summer exploration program at Madsen which will further refine the targeting model, advance existing targets to a drill-ready stage, and generate new targets across the property. In the comparative period, the Company had just begun to ramp up activities at Madsen since acquiring the Property on March 4, 2014.

- Share-based compensation expense decreased for the three months ended June 30, 2015 to \$0.1 million compared to \$0.6 million for the same period in 2014. During the three months ended June 30, 2014, the Company granted stock options to employees and directors. There were no stock options granted in the quarter ended June 30, 2015. All stock options granted to non-executive directors vested immediately resulting in the immediate recognition of the corresponding share based compensation expense on the date of grant. Stock options granted to executive directors and employees were subject to vesting restrictions over a three year period with the corresponding share-based compensation expense being recognized over this period.
- Investor relations and communication decreased by \$60,432 from \$0.1 million for the three months ended June 30, 2014 to \$45,669 for the same period in 2015. During the three months ended June 30, 2014, the Company incurred one-time costs to develop a new brand name, brand signature, approach and foundation to reposition and build the long-term brand equity of the Company.

Total assets decreased by \$2.1 million as at June 30, 2015 in comparison to March 31, 2015 due to a reduction in cash as a result of cash operating expenditures totalling \$2.2 million. This was offset by a change in estimate of the provision for closure and reclamation which resulted in a decrease of exploration and evaluation assets of \$0.1 million.

Current liabilities decreased by \$0.6 million as at June 30, 2015 in comparison to March 31, 2015 as a result of a decrease in accounts payable, primarily relating to Madsen activities.

The Company currently has approximately \$3.5 million in cash and short-term investments.

*Darren O'Brien, P.Geo., Vice President, Exploration, is the Company's designated Qualified Person for this news release within the meaning of NI 43-101 and has reviewed and validated that the scientific and technical information contained in this release is accurate.*

*(1) 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.*

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 ended June 30, 2015. 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. All dollar figures are expressed in Canadian \$.

## 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.

For more information, visit [www.puregoldmining.com](http://www.puregoldmining.com) or contact:

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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 July 4, 2014 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.*

### Cautionary Note to United States Investors Concerning Estimates of Measured, Indicated and Inferred Resources

*Mineral resources that are not mineral reserves do not have demonstrated economic viability. Mineral resource estimates do not account for mineability, selectivity, mining loss and dilution. There is also no certainty that these inferred mineral resources will be converted to measured and indicated categories through further drilling, or into mineral reserves, once economic considerations are applied. The mineral resource estimates referenced in this press release use the terms "Indicated Mineral Resources" and "Inferred Mineral Resources". While these terms are defined in and required by Canadian regulations (under NI 43-101), these terms are not recognized by the U.S. Securities and Exchange Commission ("SEC"). "Inferred Mineral Resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. The SEC normally only permits issuers to report mineralization that does not constitute SEC Industry Guide 7 compliant "reserves" as in-place tonnage and grade without reference to unit measures. U.S. investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves. Pure Gold is not an SEC registered company.*