

NEWS RELEASE 17-15

August 24, 2017

## PURE GOLD ADVANCES THE MADSEN MINE TOWARDS OPERATIONAL READINESS

VANCOUVER, B.C. – Pure Gold Mining Inc. (PGM – TSX-V) (“Pure Gold” or the “Company”) is pleased to provide an update on its progress towards operational readiness at its 100% owned Madsen Gold Project (“Madsen”) in the Red Lake mining district in northwestern Ontario.

The Company has made significant progress in re-establishing access to the underground, with the re-opening of the Madsen Portal and Ramp. This progress occurs in conjunction with the ongoing exploration program and recently announced and significant resource expansion at the Madsen Mine, and in advance of a revised Preliminary Economic Assessment (“PEA”) expected to be completed by the end of Q3 2017.<sup>1</sup>

### Highlights:

- Constructed, installed and commissioned key surface and underground infrastructure including water and air lines, underground electrical lines, mine air heater and ventilation, and power lines connecting grid power to the portal;
- Completed geotechnical review of underground;
- Commenced re-conditioning of ramp, and;
- Commenced underground drilling in July with a total of 23 drill holes completed to date;
- Completed a System Impact Assessment with the provincial power provider to confirm future power availability for an operating mine.
- Continued exploration drilling from both surface and underground focused on resource growth

To view a collection of photographs showing recent surface and underground work completed at the Madsen Portal and Ramp, please click on the URL below:

[http://puregoldmining.ca/sites/default/files/Madsen\\_Underground\\_240817.pdf](http://puregoldmining.ca/sites/default/files/Madsen_Underground_240817.pdf)

"Projects like Madsen are extremely rare and we are pleased with the significant progress and achievements to date, and excited about the opportunity to move it through its next phase of evolution. Our new high grade resource estimate is underpinned by a solid geological model based on 14,627 drill holes and 36 years of continuous historical production. This forms a solid foundation for growth, and a unique opportunity to concurrently advance the project towards a production decision. We have our owners team in place and we are excited to be underground moving the Madsen Gold Project forward," said Darin Labrenz, President and CEO of Pure Gold. "Additionally, the team has made new discoveries at the Russet South target area which will be included in a year-end resource update, quantifying resources from satellite deposits for the first time."

## Madsen Underground

The Company has recently re-opened the Madsen ramp with the goal of providing access to the upper part of the McVeigh, South Austin, Austin and A3 deposits. To date, the Company has completed the following milestones:

- **Receipt of Permit:** Approval to re-open the existing Portal was received in December 2016;
- **Opening of portal:** The rock cover was removed and the portal was re-opened in January 2017;
- **Portal site infrastructure:** Installation of Mine office, dry and first aid buildings completed in February 2017;
- **Water line installation:** Installation and commissioning of water line from Process Pond to McVeigh ramp completed in February 2017;
- **Power line construction:** 800 metre power line from Madsen Mill to McVeigh Portal constructed and commissioned in March 2017;
- **Ventilation and heating:** Mine ventilation and heating system installed and commissioned in April 2017;
- **Geotechnical Review:** Completed assessment of ground conditions and established ground support protocols;
- **Ramp re-conditioning:** Rehabilitation of ramp is in progress and is 68% complete;
- **Underground drilling:** Drilling from underground commenced in July 2017 with 23 drill holes completed to date.

The portal, established in 1997, is located approximately one kilometre from the mill and provides ramp access to the top 150 vertical metres of mine workings. The existing ramp declines in the footwall of the Madsen mineral resource, extending for 1,080 linear metres from surface to just above three level and provides access to the McVeigh, South Austin, Austin and A3 deposits. The advancement of the underground exploration program is a major milestone for the project as the Company concurrently explores for growth of the underlying resource base and advances the project towards a mine production decision.

Underground drilling will confirm grade and geologic continuity in the McVeigh, South Austin, Austin and A3 deposits as well as target resource growth potential. In addition, the underground access will allow for detailed underground geological mapping and sampling to refine our understanding of the structural setting of mineralization currently defined by surface drilling.

In addition to the advanced exploration work completed underground, the Company continues to advance Madsen towards operational readiness. A System Impact Assessment has been initiated and completed by Hydro One, the provincial power provider, to identify any potential system upgrade requirements for a return of Madsen to mine production. This study has confirmed that an additional six megawatts of power is available without capital cost to the Company. In Q2 2017, the Company also initiated additional environmental studies with the goal of updating operational permits for the Madsen Gold Project.

## Exploration – Next steps

The Company continues to explore for resource expansion opportunities in the Madsen Mine with ongoing drilling from both surface and underground. Surface drilling continues to focus on wider step-outs within the McVeigh deposit and as well as testing the Austin and A3 domains.

As disclosed on August 2, 2017, Madsen's 8 Zone hosts 253,000 indicated ounces in **379,000 tonnes grading 20.8 g/t gold** and a further 74,000 inferred ounces in **142,000 tonnes grading 16.2 g/t gold**. The 8 Zone remains open for potential expansion and is hosted in a similar geologic environment to the Company's near surface Russet South target. Earlier this year, the Company initiated a historical core capture program to re-log drill holes completed by previous operators and integrate this information into a common geologic framework. As part of this re-logging program, approximately 63% of the 43,000 metres of historic core targeting the 8 Zone has been captured, providing important insight into the controls on mineralization in this high grade zone. Mineralization in the 8 Zone is interpreted to be localized along a series of shallowly dipping structures that can be traced through the identification of highly strained and foliated rocks surrounding the gold bearing quartz veins. Importantly, the deposit is open for expansion both down-plunge and up-plunge. Based on this interpretation, the Company is targeting extensions to the 8 zone up-plunge, with surface drilling expected to commence within the month.

Additionally, it is anticipated that surface drilling at Russet South will re-commence in the fall with the goal of expanding to depth the extents of the gold mineralized system which is hosted up dip from the 8 Zone. Drilling to date at Russet South has intersected gold in multiple zones across a broad area spanning 650 metres by 650 metres with all zones open for expansion. Recent highlights from drilling include: <sup>2</sup>

- **22.1 g/t gold over 3.5 metres** in hole PG16-069 including **36.9 g/t gold over 1.8 metres**;<sup>2</sup>
- **20.1 g/t gold over 2.9 metres** in hole PG16-091 including **42.2 g/t gold over 1.0 metres** and also including **14.3 g/t gold over 0.9 metres**;
- **76.0 g/t gold over 2.1 metres** in hole PG16-233 including **132.0 g/t gold over 1.1 metres**;
- **6.6 g/t gold over 9.9 metres** in hole PG16-243 including **46.4 g/t gold over 1.0 metre**; and
- **27.1 g/t gold over 5.8 metres** in hole PG17-364 including **39.2 g/t gold over 3.8 metres**.

## Preliminary Economic Assessment

As announced on August 2, 2017, the Company has initiated a revised PEA of the Madsen deposit to assess the potential economic viability of near term development of the recently expanded resource utilizing existing infrastructure, including the mill and tailings facility. Work completed to date includes an assessment of potential mining shapes, a trade-off study on the viability of mining the deeper portions of the resource, including the 8



Zone, and development of preliminary mine design and scheduling. It is anticipated that the PEA will be completed by the end of Q3 2017.

## **ABOUT MADSEN**

The Madsen Gold Project has historic production of 2.5 million ounces of gold and remains one of the highest-grade, undeveloped gold projects in the world.<sup>3</sup> With 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 Project benefits from existing infrastructure including a permitted mill and tailings facility, paved highway access, and access to power, water and experienced labour.<sup>1</sup>

*(1) See press release dated August 2, 2017 for complete details, available on the Company's website at [www.puregoldmining.ca](http://www.puregoldmining.ca) or Sedar profile at [www.sedar.com](http://www.sedar.com).*

*(2) See news releases dated April 11, 2016, May 4, 2016, November 14, 2016, and May 11, 2017.*

*(3) Sourced from the Natural Resource Holdings Global Gold Mines & Deposit Ranking of 2013*

## **QA/QC and Core Sampling Protocols**

Drill core samples 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 accuracy, precision and contamination 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 discovery at the Madsen Gold Project in Red Lake, Ontario. And become Canada's next iconic gold company

## **ON BEHALF OF THE BOARD**

*"Darin Labrenz"*

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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](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.*