

NEWS RELEASE 17-13

August 02, 2017

## PURE GOLD ANNOUNCES SIGNIFICANTLY EXPANDED MINERAL RESOURCE ESTIMATE FOR THE MADSEN MINE

***Indicated Mineral Resources total 1,648,000 Ounces Gold***

***Inferred Mineral Resources total 178,000 Ounces Gold***

VANCOUVER, B.C. – Pure Gold Mining Inc. (PGM – TSX-V) (“Pure Gold” or the “Company”) is pleased to announce a new mineral resource estimate at its 100% owned Madsen Gold Project (“Madsen”) in the Red Lake mining district in northwestern Ontario. In the first of two planned mineral resource updates, the Company reports 1,648,000 indicated ounces of gold at the Madsen Mine and 178,000 inferred ounces of gold, encompassing the Austin, South Austin, 8 Zone, McVeigh and A3 domains. This represents a 48% increase to indicated resource ounces at a cut-off grade of 4 g/t Au. The estimate was prepared by Ginto Consulting Inc. of Vancouver, Canada (“Ginto”) and is dated August 2, 2017. An additional mineral resource update, expected to be issued in the fourth quarter of calendar 2017, will incorporate mineralization in Madsen’s satellite targets for the first time.

### Significant release highlights:

- At a 4.0 g/t gold cut-off, indicated mineral resources total **1,648,000 ounces** (5,785,000 tonnes at an average grade of 8.9 g/t gold);
- Additionally, inferred mineral resources total **178,000 ounces** (587,000 tonnes at an average grade of 9.4 g/t gold) at a 4.0 g/t cut-off;
- The database used for the resource update has a cut-off date of April 11, 2017 and considers the results of 178,293 metres of new drilling from 435 holes completed since the previous resource estimate in 2009;
- Approximately 29,890 metres of drilling has been completed at Madsen subsequent to the database cut-off date;
- Geologic modelling of satellite deposits, including Russet South and Fork Zone, is in progress and the Company anticipates releasing a further mineral resource statement which will add these satellite resources in Q4 2017;
- With the completion of this new resource for the Madsen deposit, the Company has initiated a revised Preliminary Economic Assessment (“PEA”). Trade-off studies considering the entire indicated resource have commenced and it is anticipated that the revised PEA will be completed in the fall of 2017.

The Madsen mineral resource estimate disclosed herein is the first updated study since the resource estimate completed in 2009 and restated in the Preliminary Economic Assessment (“PEA”) disclosed by the Company on April 20, 2016. It is anticipated that this increase in indicated resources will have a material impact on the 2016 PEA and as such the Company will complete an updated PEA in the fall of 2017.

“Today’s updated mineral resource estimate is a major milestone for Madsen. The size, grade and classification of the resource differentiates Madsen from a distinguished class of high grade undeveloped deposits, and given its Red Lake Mining District location and existing infrastructure, it presents a unique opportunity for accelerated development,” said Darin Labrenz, President and CEO of Pure Gold. “Our successful drilling results, detailed structural studies, and underground mapping have enabled our team to become increasingly confident in the new geologic interpretation we have been applying to Madsen. We have commenced trade-off studies with the goal of updating our economic study in the fall of 2017 and with this larger indicated resource base to build from, we see the potential for longer mine life and increased annual production.

“We expect to again update the mineral resources for the Madsen Gold Project in the fourth quarter of 2017, to incorporate a first ever mineral resource estimate for our satellite deposits Russet South and the Fork Zone. We are confident that the mineral resource will continue to expand with additional new drilling both within the historic Madsen Mine area and at the satellite deposits,” added Mr. Labrenz.

The updated mineral resource estimate for Madsen is reported at a 4.0 g/t Au cut-off effective August 1, 2017<sup>1</sup>.

**Table 1. Mineral Resource Statement for Madsen Gold Project\***

Resource Classification	Tonnes	Grade (Au g/t)	Contained Gold (oz.)
Indicated	5,785,000	8.9	1,648,000
Inferred	587,000	9.4	178,000

\* Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues. The CIM definitions were followed for the classification of Indicated and Inferred Mineral Resources. The quantity and grade of reported Inferred Mineral Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Mineral Resources as an Indicated Mineral Resource and it is uncertain if further exploration will result in upgrading them to an Indicated Mineral Resource category. All figures have been rounded to reflect the relative precision of the estimates. Mineral Resources are reported at a cut-off grade of 4.0 g/t gold based on US\$1,200 per troy ounce gold and gold metallurgical recoveries of 92 percent.

Table 2 shows the variance in tonnage, grade and ounces, at three different cut-off levels, since the last resource estimate completed for Madsen in December 2009 (restated on April 20, 2016).

**Table 2. Madsen Deposit Only:  
Resource Estimate Compared to December 2009 Resource Estimate**

Cut-off Grade	Madsen Deposit Resource Date	Indicated			Inferred		
		Tonnes	Grade (g/t Au)	Ounces (Au)	Tonnes	Grade (g/t Au)	Ounces (Au)
3.0 g/t Au	August 2017	8,374,000	7.2	1,936,000	1,017,000	6.9	225,000
	December 2009	6,911,000	6.2	1,378,000	1,888,000	7.1	429,000
	Variance	21%	16%	40%	-46%	-3%	-48%
4.0 g/t Au	August 2017	5,785,000	8.9	1,648,000	587,000	9.4	178,000
	December 2009	4,540,000	7.6	1,114,000	1,103,000	9.6	342,000
	Variance	27%	17%	48%	-47%	-2%	-48%
5.0 g/t Au	August 2017	4,218,000	10.5	1,423,000	406,000	11.6	152,000
	December 2009	3,236,000	8.9	928,000	788,000	11.7	297,000
	Variance	30%	18%	53%	-48%	0%	-49%

*\* The reader is cautioned that the quantities and grade estimates in this table should not be misconstrued with a Mineral Resource Statement. The figures are presented only to show the variance between the December 2009 and August 2017 estimates and sensitivity of the block model estimates to the selection of cut-off grade.*

### **New Geological Interpretation at Madsen**

From first setting foot on the Madsen Property, Pure Gold's exploration team has applied a strong geoscience-based, back-to-basics approach to understanding the geologic setting and controls on mineralization at this prolific past-producer. The team have taken their unique understanding of the Red Lake District geology and combined that with more than 115,000 metres of new oriented-core drilling, over 80,000 metres of re-logged historical drill core, more than 50,000 new multi-element geochemical analyses, 3500 digitally-mapped outcrops and 67 kilometers of highly detailed historical underground mine level mapping to form an integrated picture of the three-dimensional structural, alteration and lithological controls on gold mineralization at Madsen. All of this work has been focused on reducing geologic uncertainty and de-risking the Project.

This update represents the first update to the Madsen mineral resource estimate since December of 2009. Since that time a total of 219,099 metres of drilling has been completed on the project, including 33,419 metres from 33 holes targeting the 8 Zone.

The geological model utilized for the current resource estimate varies significantly from that used in the 2009 estimate. Whereas the 2009 geologic model used broad grade based shapes to constrain estimates, the 2017 model is guided by the Company's geologic understanding, with 39 shapes modeled ranging in width from one

metre to 25 metres in thickness. The width and geometry of the current geologic shapes is closely aligned with and correlates and validates well with the mined shapes from the long history of mining at Madsen. Exploration by Pure Gold has targeted all zones at Madsen as part of a careful program of integrating the historic data with the new geologic and structural understanding.

The estimation methodology used is ordinary kriging on all the zones listed in Table 3. The Company anticipates a cut-off of between 4.0 and 5.0 g/t gold will be used to outline a potentially mineable resource in the upcoming revised PEA.

**Table 3. Detailed Madsen Deposit Resource by Zone (4.0 g/t Au Cut-off)**

Zone	Indicated			Inferred		
	Tonnes	Grade (g/t Au)	Ounces (Au)	Tonnes	Grade (g/t Au)	Ounces (Au)
Austin	3,591,000	7.8	900,000	269,000	7.5	65,000
South Austin	1,265,000	8.9	362,000	100,000	7.0	23,000
A3	61,000	9.3	18,000	10,000	9.4	3,000
McVeigh	490,000	7.3	116,000	66,000	6.1	13,000
8 Zone	379,000	20.8	253,000	142,000	16.3	74,000
<b>Total</b>	<b>5,785,000</b>	<b>8.9</b>	<b>1,648,000</b>	<b>587,000</b>	<b>9.4</b>	<b>178,000</b>

### Updated Preliminary Economic Assessment Underway

Given the significant increase in mineral resource tonnes and grade at Madsen, the Company has initiated a revised PEA of the Madsen deposit. The PEA will provide an assessment of potential near term development opportunities utilizing existing mining infrastructure, including the mill and tailings facility to develop the expanded resource. The PEA will also evaluate the employment of modern mining technology and the potential for deeper mining. Given the increase in estimated resource, the Company anticipates that the updated plan has the potential to impact both mine life and annual production.

Trade-off studies are currently underway, including an assessment of the Madsen's 8 Zone which 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 16.3 g/t gold**. The 8 Zone remains open for potential expansion and the gold mineralization is hosted in the same style of quartz veins and the same host rocks as the Company's near-surface Russet South target<sup>2</sup>. Completion of the updated PEA is anticipated in the fall of 2017.

### Satellite Deposit Resource Estimate

The mineral resource reported herein represents mineralization within the Madsen deposit only. The Company intends to further update the Madsen Gold Project mineral resources in the fourth quarter of 2017 to include, for the first time, estimates for Madsen's satellite deposits, including Russet South and Fork Zone.

Russet South target is located 1.5 kilometres west of Madsen's milling infrastructure and is a near-surface analogue to the Company's 8 Zone. To date, the Company has drilled 26,317 metres from 101 drill holes at Russet South, with visible gold intersected in 37% of the holes.

The Fork Zone is located near the south end of the McVeigh Deposit between the Madsen Mine and the past-producing Starratt Olsen Mine. The target is road-accessible and is also 1.5 kilometres from the Madsen Mill. The Fork Zone has been tested since discovery in 2003 with 57,735 metres of drilling from 141 drill holes. The Company recently announced an extension to the Fork Zone and the establishment of a 450 metre strike extent to the shallow plunging mineralization<sup>3</sup>.

Drilling and applied geoscience to date has provided a strong understanding of controls and continuity of mineralization at the Company's satellite deposits, and geologic modelling is progressing. The company plans to add maiden resource estimates for these zones in the fourth quarter of 2017.

## **ABOUT MADSEN**

The Madsen Gold Project is one of the highest-grade, undeveloped gold projects in the world. With historic production of 2.5 million ounces at an average grade of 9.9 g/t gold, it is the second largest producer in the prolific Red Lake Mining District. The Madsen Gold Project benefits from existing infrastructure including a permitted mill and tailings facility, paved highway access, and access to power, water and experienced labour. The Madsen Gold Project has 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 mineral resource is based on 14,627 evenly dispersed drill holes. A robust geologic model based on extensive historical and modern geoscience data provides a solid understanding of the geologic framework and continuity of mineralization.

In addition to the mineral resource, the Madsen Gold Project hosts a number of prospective new discoveries including the Fork Zone and Russet South deposits, as well as two significant historic underground mines. Pure Gold is focused on advancing these targets through the application of modern exploration science and a new understanding of the district.

- (1) A Technical Report, which will include details for this resource estimate, will be filed on SEDAR at [www.sedar.com](http://www.sedar.com) within 45 days.
- (2) The proximity and geologic similarities to Madsen Mine's 8 Zone does not mean that Pure Gold will obtain similar results at Russet South or other exploration targets on the Madsen Property.
- (3) See press release dated April 27, 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).

## **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**

The Mineral Resource Estimate was prepared by Marc Jutras, P.Eng., M.A.Sc., Principal, Ginto Consulting Inc., an independent Qualified Person in accordance with the requirements of National Instrument 43-101 ("NI 43-101") and Mr. Jutras has approved the disclosure herein.

Christopher Lee, P.Geo., Chief Geoscientist for the Company, is a Qualified Person within the meaning of NI 43-101 and supervised the geologic modelling which formed the basis of the resource estimation.

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 GINTO**

Marc Jutras, P.Eng., M.A.Sc., Principal, Ginto Consulting Inc. was Senior Geostatistician at Barrick and Placer Dome for 17 years and Director of Mineral Resources at Alamos Gold for 6 years prior to creating Ginto Consulting Inc.

### **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"

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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 17, 2016 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.*