

VANCOUVER, BRITISH COLUMBIA--(Marketwired - Aug 12, 2016) - [Pure Gold Mining Inc.](#) (TSX VENTURE:PGM) ("Pure Gold" or the "Company") is pleased to announce financial results and operating highlights for the three months ended June 30, 2016, as well as an update on activities at the Company's 100% owned Madsen Gold Project ("Madsen"). All financial figures are in Canadian dollars, unless otherwise stated.

Financial and Operating Highlights Through and Subsequent to June 30, 2016:

- **Madsen Exploration**
During the quarter, the Company continued with its exploration program at Madsen, testing the Austin and McVeigh horizons. Drilling for most of the quarter was accomplished using two drill rigs, with a third rig added just before quarter end.
- **Completion of Flow-Through Share Financing**
On June 8, 2016, the Company closed a bought deal private placement whereby the Company raised gross proceeds of \$6.3 million through the issuance of 8,334,000 flow-through common shares at a price of \$0.75 per flow-through common share. The funds raised are sufficient to complete the Company's planned exploration activities for the balance of 2016.

Selected Financial Data

The following selected financial data is derived from our unaudited condensed interim consolidated 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 unaudited condensed interim consolidated financial statements and Management's Discussion and Analysis for the three months ended June 30, 2016. These documents can be found on the Company's website (www.puregoldmining.ca) or on SEDAR at www.sedar.com. All dollar figures are expressed in Canadian \$.

	Three months ended June 30	
	2016	2015
Net Loss and Comprehensive Loss for the period	\$2,792,592	\$1,531,393
Basic and diluted loss per share	\$0.02	\$0.01
	As at	
	June 30, 2016	March 31, 2016
Cash and short-term investments	\$9,874,712	\$2,222,151
Available for sale investment	-	\$3,105,335
Working capital (<i>current assets less current liabilities</i>)	\$9,267,155	\$4,206,910
Total assets	\$25,863,101	\$21,697,657
Current liabilities	\$1,308,154	\$1,408,402
Non-current liabilities	\$2,490,603	\$2,463,069
Shareholders' equity	\$22,064,346	\$17,826,186

Net loss for the three months ended June 30, 2016 totaled \$2.8 million compared to \$1.5 million for the same period in the prior year. The most significant contributors to the loss for the periods ended June 30, 2016 and 2015, were (i) exploration and evaluation expenditures, (ii) wages, consulting and directors fees (iii) investor relations and communication expenditures (iv) office and rent expenses (v) professional fees and (vi) non-cash share-based compensation expense. Explanations for material variances are described below.

Exploration and evaluation expenditures increased to \$3.0 million for the three months ended June 30, 2016, compared to \$1.1 million for the same period in the prior year. The three months ended June 30, 2016 saw a significant expansion of exploration activities at Madsen compared to the prior year. In the prior year, the Company was concluding a winter drill program and reducing activity at site due to financial constraints. In fiscal 2017 to date, the Company has completed both a flow-through share financing and the sale of non-core assets to [Premier Gold Mines Ltd.](#) ("Premier"), resulting in an improved financial situation allowing the Company to proceed with an aggressive exploration program at Madsen.

Wages, consulting and director fees increased to \$0.3 million for the three months ended June 30, 2016 from \$0.2 million in the comparative period, primarily due to the payment of severance costs to the Company's former Vice President, Exploration.

Investor relations and communication totaled \$0.1 million for the three months ended June 30, 2016, compared to \$45,669 for the same period in the prior year. During the three months ended June 30, 2016, the Company increased its marketing activities in conjunction with an increased gold price and renewed investor interest in the gold sector.

Professional fees increased to \$0.1 million in the three months ended June 30, 2016 from \$1,789 in the comparative period, primarily due to costs related to the closing of the sale of surface rights for the Buffalo claims to Premier.

Share-based compensation expense decreased to \$46,428 for the three months ended June 30, 2016, compared to \$0.1 million in the same period in the prior year, reflecting fewer options vesting in the first quarter of fiscal 2017 compared to the comparative period. In addition, the forfeiture of 291,668 unvested options during the quarter ended June 30, 2016, resulted in a reversal of share-based compensation expense. There were no forfeitures of options for the same period in the prior year.

For the three months ended June 30, 2016, the Company included a realized gain of \$0.7 million within Other Income on the sale of 1,001,720 shares of Premier, which was considered an available for sale investment. This gain includes \$0.5 million previously classified as Other Comprehensive Income, which was reclassified to profit and loss upon disposal of the investment.

The Company currently has approximately \$12.1 million in cash and short-term investments.

Exploration at Madsen

A \$9.1 million exploration program is on-going at Madsen, which began in May and is expected to be completed December 2016. It includes 30,000 metres of drilling targeting the McVeigh and Austin horizons as well as approximately 5,000 metres of drilling targeting exploration targets, including Russet South. The program will also entail ongoing environmental monitoring, rehabilitation and tailings dam inspections, and opening and inspection of the historic McVeigh decline to allow for underground mapping and sampling of the McVeigh horizon.

The Company spent a total of \$3.0 million on exploration during the three months ended June 30, 2016 compared to a budget of \$2.7 million. The increase from budget is a result of an acceleration of the program from its original plan, including bringing in additional drill rigs. A total of 15,126 metres were drilled during the period targeting the McVeigh and Austin horizons near the historic Madsen mine site.

Significant results obtained from drilling during the three months ended June 30, 2016 and subsequent to quarter end from the McVeigh and Austin horizons, include(1):

- 10.3 g/t gold over 3.2 metres in hole PG16-060, including 50.8 g/t gold over 0.6 metres;
- 11.0 g/t gold over 5.9 metres, 30.0 g/t gold over 1.0 metre and 10.9 g/t gold over 1.0 metre in hole PG16-071;
- 20.6 g/t gold over 2.0 metres in hole PG16-075;
- 10.9 g/t gold over 9.8 metres in hole PG16-093, including 27.0 g/t gold over 3.8 metres;
- 31.3 g/t gold over 3.7 metres in hole PG16-112, including 54.1 g/t gold over 2.0 metres;
- 14.2 g/t gold over 5.0 metres in hole PG16-122, including 28.5 g/t gold over 2.1 metres;
- 51.9 g/t gold over 1.0 metre in hole PG16-123;
- 26.6 g/t gold over 2.0 metres in hole PG16-124;
- 5.3 g/t gold over 8.5 metres in hole PG16-136, including 24.0 g/t gold over 1.0 metre;
- 21.7 g/t gold over 6.0 metres in hole PG16-148, including 61.8 g/t gold over 2.0 metres; and
- 30.7 g/t gold over 3.1 metres in hole PG16-148

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 months ended June 30, 2016. In addition, for further information please see Pure Gold's Annual Information Form for the year ended March 31, 2016. These documents can be found on the Company's website (www.puregoldmining.ca) or under the Company's profile on SEDAR at www.sedar.com. Shareholders may receive a printed copy of the audited consolidated financial statements, free of charge, upon request.

ABOUT MADSEN

The Madsen Mine operated for over 36 years with historic production of 2.5 million ounces at an average grade of 9.9 g/t gold. The Madsen Gold Project hosts a permitted mill and tailings facility, and access to power, water and labour. The Madsen Gold Project has an Indicated Resource of 928,000 ounces gold at 8.93 g/t gold (in 3.24 million tonnes) and an Inferred Resource of 297,000 ounces gold at 11.74 g/t gold (in 0.79 million tonnes)². The mineral resource is based on 13,624 drill holes, evenly dispersed throughout the mineral resource. A robust geologic model based on 27 levels of geological mapping and chip sampling provides a solid understanding of the geology 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 targets, as well as, two significant historic underground mines. Pure Gold believes the opportunity exists to advance these targets through the application of modern exploration science and a new understanding of the district.

(2) See the National Instrument 43-101 technical report entitled "Technical Report on the Preliminary Economic Assessment For the Madsen Gold Project," prepared by Nordmin Engineering Ltd., dated effective April 20, 2016. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

Drill core samples are submitted to ALS Minerals in Thunder Bay, Ontario for sample preparation by crushing to 70% less than 2mm, a rotary split of 1kg, and pulverization of the split to better than 85% passing 75 microns. Sample pulps are shipped to the ALS assay laboratory in North Vancouver, B.C. for gold analysis with a 30g fire assay and AAS finish (code Au-AA23). Samples returning >5 g/t Au are re-assayed with a gravimetric finish (code GRA21). Mineralized zones with visible gold are also analyzed by a 1kg screen fire assay with screening to 100 microns. A duplicate 30g fire assay is conducted on the screen undersize with assaying of the entire oversize fraction (code Au-SCR21). Control samples (accredited standards and non-accredited blanks) were inserted on a regular basis. Results are assessed for precision 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 gold 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 and under the Company's profile at www.sedar.com.

ON BEHALF OF THE BOARD

Darin Labrenz, President & CEO

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.

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.

(1) See Press Releases dated April 4, 2016, May 17, 2016, June 14, 2016, July 14, 2016 and August 9, 2016, available on the Company's website at www.puregoldmining.ca or under its SEDAR profile at www.sedar.com, for further details of the results obtained from the McVeigh horizon drilling.

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