VANCOUVER, British Columbia, Nov. 15, 2017 (GLOBE NEWSWIRE) -- Pure Gold Mining Inc. (TSX-V:PGM) (“Pure Gold” or the “Company”) is pleased to announce financial results and operating highlights for the three and six months ended September 30, 2017, 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.

Operating Highlights through and subsequent to September 30, 2017:

The second quarter of fiscal 2018 and to date saw the Company complete a number of key milestones. Highlights for the quarter and subsequent period to date are as follows:

- On November 1, 2017, Pure Gold closed a bought deal private placement for aggregate gross proceeds of C$19.2 million upon the issuance of an aggregate of 31,613,292 common shares of the Company. The offering consisted of three tranches. The first tranche consisted of 8,690,000 common shares of the Company that qualify as "flow-through shares" for the purposes of the Income Tax Act (Canada) ("Super FT Shares") and were issued at a price of C$0.725 per Super FT Share. The second tranche consisted of 8,061,125 common shares of the Company that qualify as "flow-through shares" for the purposes of the Income Tax Act (Canada) ("FT Shares") and were issued at a price of C$0.64 per FT Share. The third tranche consisted of 14,862,167 common shares of the Company ("Common Shares") and were issued at a price of C$0.52 per Common Share.

  In consideration for their services, the Underwriters received a cash commission equal to 6.0% of the gross proceeds of the offering.

- On September 14, 2017, the Company announced a Preliminary Economic Assessment (“PEA”) for the Madsen Gold Project (“Madsen”). The PEA, based on an updated resource estimate (see news release dated August 2, 2017), shows a robust 14-year underground mining operation with highly attractive economics at base case metal prices. Highlights for the PEA include[1]:[2]
  - Pre-tax NPV5% and IRR of $365 million and 54% respectively with a 2.7 year payback of initial capital;
  - After-tax NPV5% and IRR of $258 million and 47% respectively with a 2.8 year payback of initial capital;
  - Mine life of 14 years with a 12 month pre-production period;
  - Life of mine (“LOM”) diluted head grade of 10.3 g/t gold;
  - Average annual gold production in years three through nine of approximately 75,500 ounces, with peak annual production of approximately 85,000 ounces of gold;
  - LOM direct operating cash cost[1] is estimated at US$595 per ounce of gold recovered;
  - LOM operating cash cost[1] plus sustaining cost is estimated at US$714 per ounce of gold recovered;
  - Pre-production capital cost estimated at $50.9 million which includes a 15% contingency;
  - LOM sustaining capital costs estimated at $134.7 million which includes a 5% contingency.

- On August 2, 2017, Pure Gold announced a new mineral resource estimate for Madsen consisting of indicated mineral resources totaling 1,648,000 ounces (5,785,000 tonnes at an average grade of 8.9 g/t gold) and, inferred mineral resources totaling 178,000 ounces (587,000 tonnes at an average grade of 9.4 g/t gold), all at a 4.0 g/t cut-off. Indicated resource tonnes increased 27%, grade 17% and total ounces 48%, from the previous resource estimate completed in 2009.[3]

- Pure Gold continued to have success with its exploration drilling at Madsen and substantially completed its 70,000 metre drill program that was announced on January 11, 2017, during the quarter. Significant drill results received in the quarter include[4]:
  - 34.6 g/t gold over 4.3 metres, including 67.0 g/t gold over 2.0 metres in hole PG17-456, the deepest drill result by Pure Gold to date at a vertical depth of 1,373 metres, approximately 240 metres below any previous mining on the South Austin deposit;
  - 12.7 g/t gold over 2.0 metres in hole PGU-0016 in the McVeigh deposit;
  - 14.4 g/t gold over 4.1 metres including 28.3 g/t gold over 2.0 metres in hole PGU-0020 in the McVeigh deposit;
  - 48.4 g/t gold over 6.0 metres in drill hole PGU-0012 in the McVeigh deposit;
  - 12.5 g/t gold over 8.2 metres in drill hole PGU-004 in the McVeigh deposit;
  - 32.5 g/t gold over 2.0 metres in drill hole PG17-454 in the Austin deposit.

- Continued with underground infrastructure work at the Madsen ramp. Constructed, installed and commissioned key surface and underground services 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;
  - Completed a System Impact Assessment with the provincial power provider to confirm future power availability for an operating mine; and
  - Continued exploration drilling from both surface and underground focused on resource growth.

[1] Base case parameters assume a gold price of US$1,275/oz and an exchange rate (C$ to US$) of 0.80. Cash cost includes

mining cost, mine-level G&A, mill and refining cost.
[2] The PEA was prepared by Nordmin Engineering Ltd., Mining Services Division of Sudbury, Ontario (“Nordmin”). Nordmin reported on the scoping-level capital costs, operating costs, and project economics associated with the potential development of the Madsen mineral resource. See press release issued on September 14, 2017, and the technical report titled “NI 43-101 Technical Report Preliminary Economic Assessment of the Madsen Gold Project for Pure Gold Mining Inc. Red Lake Area, Ontario Canada", available on the Company’s website at www.puregoldmining.ca or the Company’s Sedar profile at www.Sedar.com, for further details of the PEA.
[3] See press release dated August 2, 2017 the technical report titled “NI 43-101 Technical Report Preliminary Economic Assessment of the Madsen Gold Project for Pure Gold Mining Inc. Red Lake Area, Ontario Canada, available on the Company’s website at www.puregoldmining.ca or the Company’s Sedar profile at www.Sedar.com, for further details of the Mineral Resource estimate.
[4] See press releases dated September 26, 2017 and September 5, 2017 for further details on exploration drill results during the quarter.

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 and six months ended September 30, 2017. 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 $. The information in the tables below is expressed in $000s except per share data.

	Three months ended September 30		Six months ended September 30	
	2017	2016	2017	2016
Net Loss for the period	$ 7,415	$ 7,327	$ 14,989	$ 10,119
Exploration and evaluation expenditures	$ 6,543	$ 6,774	$ 13,352	$ 9,753
Total Comprehensive Loss for the period	$ 7,415	$ 7,327	$ 14,989	$ 10,570
Basic and diluted loss per share	$ 0.04	$ 0.05	$ 0.08	$ 0.07

	As at September 30, 2017	March 31
Cash and short-term investments	$ 3,001	$ 16,532
Working capital *(current assets less current liabilities, excluding non-cash flow-through premium liability)*	$ 1,250	$ 16,146
Total assets	$ 21,200	$ 35,312
Current liabilities	$ 5,659	$ 5,103
Non-current liabilities	$ 2,422	$ 2,529
Shareholders’ equity	$ 13,119	$ 27,679

Net losses totaled $7.4 million and $15.0 million for the three and six months ended September 30, 2017 compared to $7.3 million and $10.1 million for the same periods in the prior year. The most significant contributors to the loss for the three and six month periods ended September 30, 2017 and 2016, were (i) exploration and evaluation expenditures, (ii) wages, consulting and director fees (iii) investor relations and communication expenditures (iv) office and rent expenses and (v) non-cash share-based compensation expense. Explanations for material variances are described below:

Exploration and evaluation expenditures decreased to $6.5 million for the three months ended September 30, 2017 compared to $6.8 million for the same period in the prior year, and increased to $13.4 million for the six months ended September 30, 2017 compared to $9.8 million for the same period in the prior year.

The Company conducted a similar level of exploration activities at Madsen during the three months ended September 30, 2017 and the prior year period. The six months ended September 30, 2017 saw an expansion of exploration activities at Madsen compared to the prior year period. In the prior period, the Company concluded a winter drill program in April and reduced activity at site due to financial constraints until the completion of a flow-through share financing in June 2016, and the receipt of $19.0 million from the exercise of share purchase warrants. The significant improvement in financial position allowed the Company to proceed with an aggressive exploration program at Madsen during the three months ended September 30, 2016.

Wages, consulting and director fees increased to $0.3 million and $0.6 million for the three and six month periods ended September 30, 2017 compared to $0.2 million and $0.5 million for the same periods in fiscal 2017. The increase expenses are

as a result of wage increases in the current year and the hiring of additional staff during fiscal 2018 compared to fiscal 2017.

Investor relations and communication expenditures increased to $0.2 million for the three months ended September 30, 2017 from $0.1 million in the same period in the prior year as a result of the timing of conferences and marketing efforts. Overall investor relations and communications expenses remained consistent between the six month periods ended September 30, 2017 and 2016, at $0.3 million for each period.

Office and rent costs for the three and six month periods ended September 30, 2017 increased by 35% and 52%, respectively to $0.1 million and $0.3 million, over the same periods in the prior year, primarily as a result of the Company hiring additional staff over the prior year as development activities at Madsen increased.

Share-based compensation expense increased for the three and six months ended September 30, 2017 to $0.2 million and $0.4 million compared to $25,477 and $0.1 million for the same periods in the prior year, reflecting the higher fair market value of options issued in recent periods. In addition, the forfeiture of 868,335 unvested options during the six months ended September 30, 2016 resulted in a reversal of share-based compensation expense. There were no forfeitures of options for the same period in the current year. Share-based compensation expense relates to grants from current and previous periods in which stock options were granted to directors, employees, and consultants. During the six months ended September 30, 2017, the Company granted 0.3 million stock options with a weighted average exercise price of $0.54 to an employee and a consultant. During the six months ended September 30, 2016, the Company granted 0.5 million stock options with an exercise price of $0.63 to employees. Stock options granted to employees and consultants were subject to vesting restrictions over a three year period with the corresponding share-based compensation expense being recognized over this period.

Other Comprehensive income: For the six months ended September 30, 2016, the Company disposed of its investment in Premier Gold Mines Ltd. (“Premier”), and reclassified the unrealized gain of $0.7 million recorded in other comprehensive income to other income in the consolidated statement of loss.

The Company currently has approximately $17.4 million in cash and short-term investments.

Exploration at Madsen

On January 11, 2017, Pure Gold announced the commencement of a comprehensive exploration and underground development program. Exploration would be conducted by up to four-rigs for a total of 70,000 metres of diamond drilling, collared from both surface and underground. At the Madsen Portal and underground, the program was to re-establish services to the existing Portal and ramp including power, heating and ventilation, assess and secure ground conditions, complete detailed geologic mapping and sampling and establish underground drill bays to optimize delineation of near-surface mineralization.

As at September 30, 2017, the Company had completed a total of 66,745 metres of drilling including 59,963 metres from surface and 6,782 metres from underground targeting primarily the McVeigh, Austin, A3 and Russet South targets. Underground drilling from the Madsen ramp has been designed to de-risk potential near term production by targeting initial stope shapes and testing for extensions to the current resource in the upper portion of the McVeigh deposit.

The Company has made significant progress with the re-opening of the Madsen Portal and ramp. The Company 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. In addition, Pure Gold completed a geotechnical review of underground, commenced re-conditioning of the ramp, and completed a System Impact Assessment with the provincial power provider to confirm future power availability for an operating mine.

For the six months ended September 30, 2017, the Company has spent a total of $13.4 million exploring and developing Madsen, bringing the total expenditures for the current program to $20.9 million compared to a budget for the program of $20.1 million. The variance was primarily due to the higher cost of deep surface drilling, higher underground drilling, and an additional historical core re-logging program, as well as higher than expected set up costs in relation to re-establishing services to the Portal.

Over the coming months, the Company will be focused on:

- completing a detailed Project Development schedule which will provide a critical path to a production decision, including detailed engineering and permitting;
- resource definition drilling from the Madsen ramp, designed to test for extensions to the current mineral resource;
- exploration drilling from surface with the goal of identifying and extending new zones of gold mineralization close to existing mine infrastructure, including up-dip of the 8 zone and down dip of known mineralization at Russet South;

- Resource modelling of satellite deposits with a goal of releasing an updated mineral resource estimate for Madsen in Q417;
- continuing environmental baseline work to support the update of existing permits and the application of new permits and the filing of a Project Definition statement in the first quarter of calendar 2018; and
- undertake a feasibility level study in 2018.

The Company has devised a budget of $20.9 million for this 20-month stage of the project. An additional $4.9 million is budgeted for general and administrative expenditures over this same period.

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, 2017. In addition, for further information please see Pure Gold’s Annual Information Form for the year ended March 31, 2017. 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 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 9.7 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.

QA/QC and Core Sampling Protocols

Drill core samples in 2017 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 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.

For more information, visit www.puregoldmining.ca or contact:

Darin Labrenz, President & CEO
Phone: 604-646-8000 or Toll Free 1-877-632-4677
info@puregoldmining.ca

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., potential production levels and mining and milling costs and gold recoveries. 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.

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.