

Pure Gold Mining

"Growing the Wedge, Filling the Gaps"

PUR LN / PGM CN

16 December 2019

Market Capitalisation: US\$201m

Enterprise Value: US\$136m

Last price: 42p

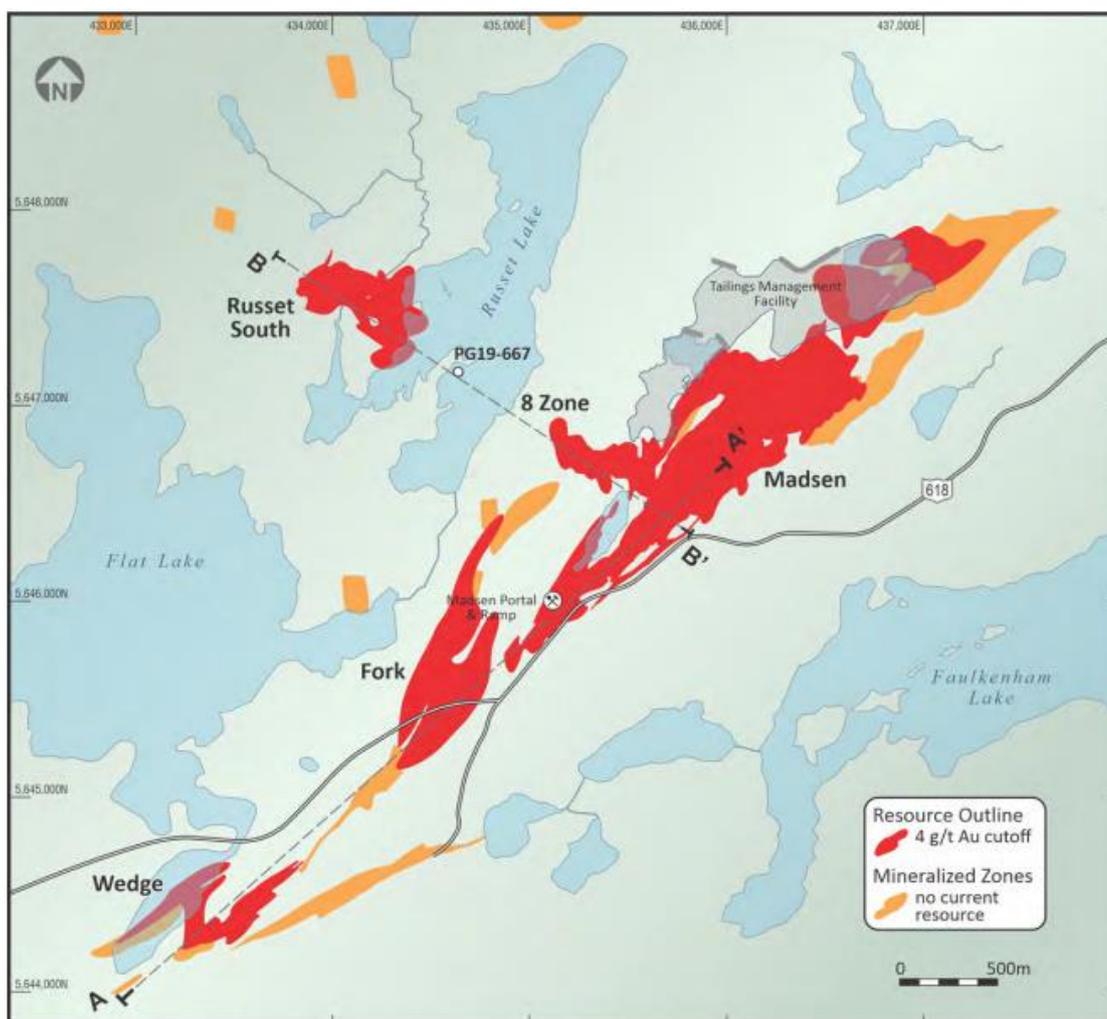
Target Price: 54p

Pure Gold (LSE/TSX: PUR/PGM) announced this morning that it has intersected mineralisation at the near surface Wedge deposit, outside the current resource, showing potential to upgrade the existing resource in the Wedge area. Also, the company announced 51 metres at 1.0g/t in the "8 Zone Gap", a short-term target area between the near surface Russet South satellite deposit and the high grade 8 Zone deposit. Both these zones (as well as deeper mineralogy) offer scope for a material enlargement to the company's current 2.5Moz resource grading 8.7g/t. It is worth noting too that, as CEO Darin Labrenz points out; "all of this sits within reach of a mine and milling complex expected to be in production in Q4 2020".

Valuation

Continued position results show the potential to unlock more value from the adjacent licences to the Madsen mine. It reinforces our 54p price target, which represents 1x NAV(7%) of the base case fully funded Madsen mine. The latter does not include either an extension or expansion from the series of regional deposits including Fork, Wedge and Russet South let alone these recent intersections.

Figure 1 – Madsen Resource Plan Map



Source: Pure Gold, Tamesis

Growing the Wedge

Extensions down dip to both the south and north of the existing resource have proven mineralisation beyond what was previously understood. Additionally, discovered mineralisation below the existing resource, stepping out 300 metres down dip, suggests the discovery of a new mineralised shoot beyond what was previously understood.

Prepared by Tamesis Partners LLP

See final two pages for important disclosures

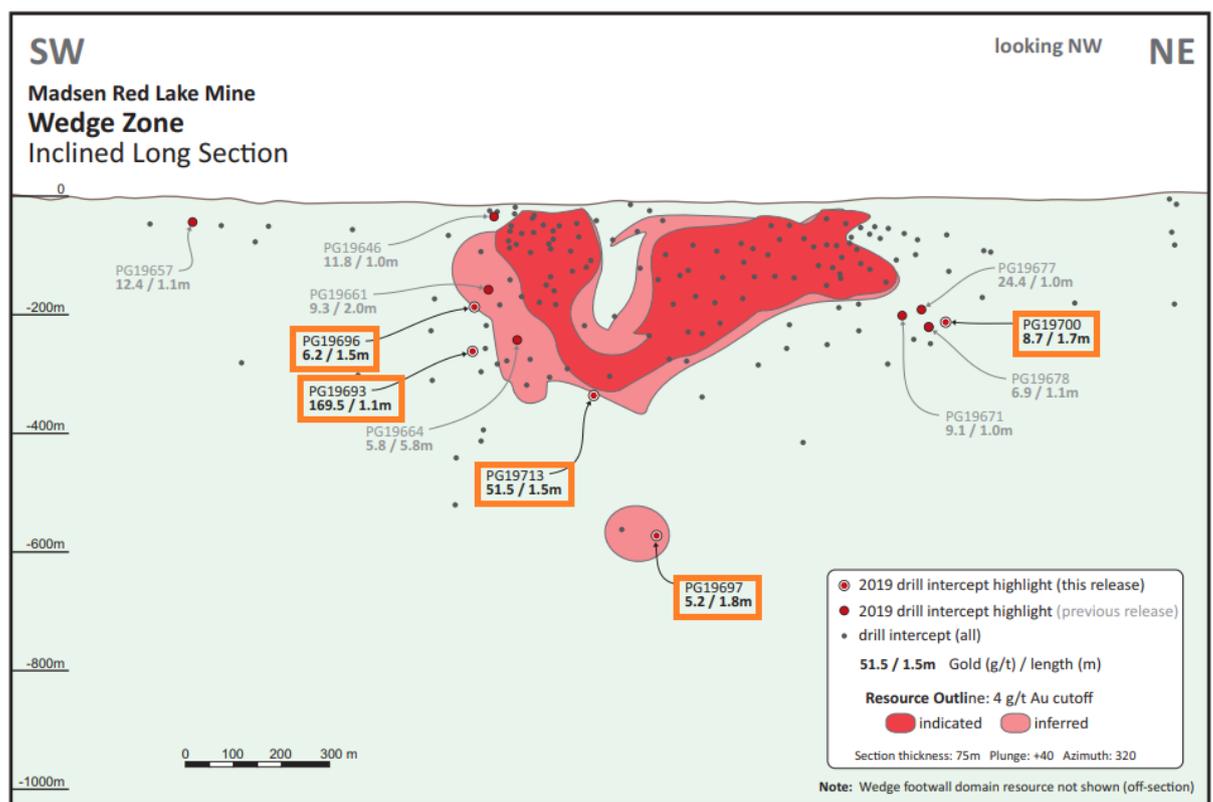
*Tamesis estimate post fundraising

The Wedge deposit currently has a defined indicated resource of 322kt at an average grade of 10.3g/t for 107koz. We see the potential of materially expanding this resource, with the possibility of bringing these near-surface, low cost ounces into the mine plan.

Drilling highlights include:

- PG19-691 – 2.5 metres at 4.3g/t from 267 metres
 - Including 1.0 metres at 9.0g/t
- PG19-693 – 1.1 metres at 167g/t from 346.9 metres
- PG19-696 – 1.5 metres at 6.2g/t from 217.9 metres and 2 metres at 6.9g/t from 223 metres
- PG19-697 – 1.8 metres at 1.5g/t from 752.6 metres
- PG19-700 – 1.7 metres at 8.7g/t from 253.7 metres
- PG19-713 – 1.5 metres at 51.5g/t from 412.6 metres

Figure 2 – Wedge Zone Long Section – new intersection highlighted



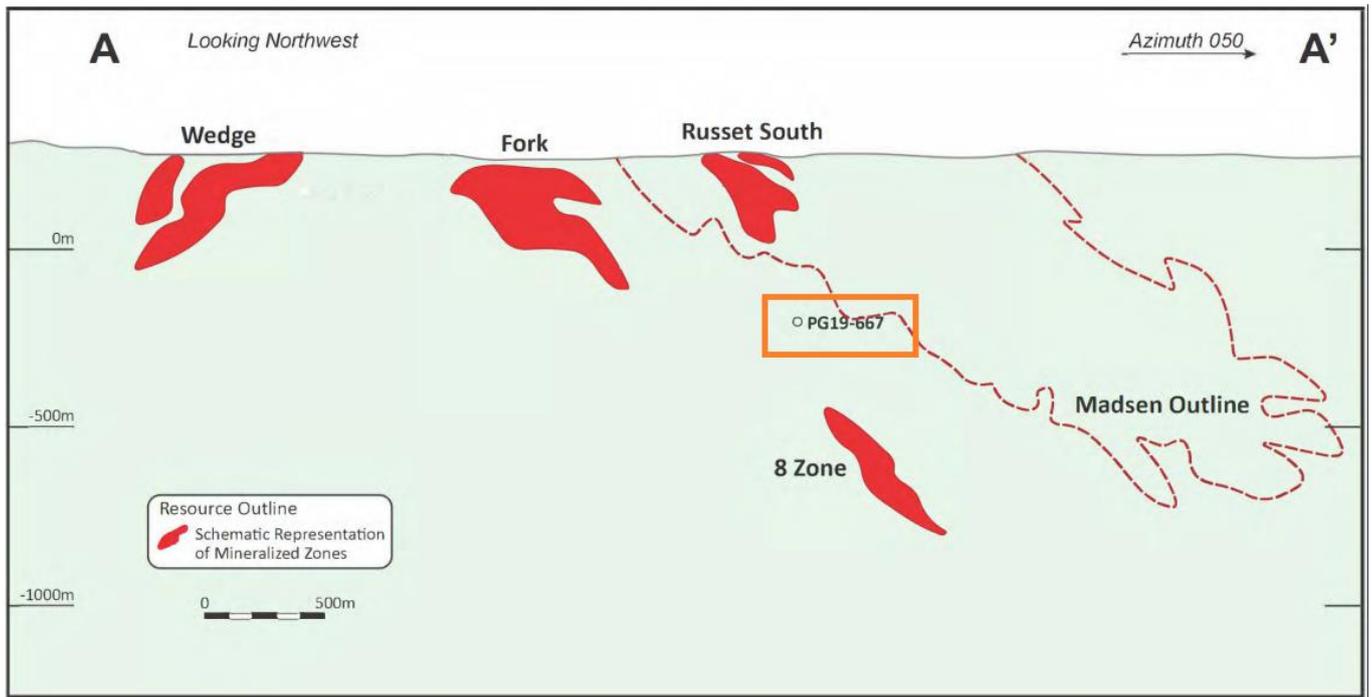
Source: Pure Gold, Tamesis

Filling the 8 Zone Gap

On 9 October 2019, Pure Gold announced that it had intersected mineralisation between the near surface Russet South satellite deposit and the high grade 8 Zone deposit. The 8 Zone is the highest grade zone in the current Madsen mine plan with an indicated resource of 458kt grading 20.5g/t.

A second drill hole 100 metres up dip, announced today, returned 51 metres at 1.0g/t including a 9.9g/t over 0.9 metres. Importantly, the core showed blue-grey quartz veins, analogous to the nearby Red Lake Mine. Clearly, more drilling is required to fully understand the prospectivity of the 8 Zone Gap but the initial results look encouraging.

Figure 3 – Madsen Resource Long Section – October intersection highlighted



Source: Pure Gold, Tamesis

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