

Pure Gold Mining

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Mackie stays bullish on Pure Gold Mining after positive Madsen resource update

Pure Gold Mining Inc (CVE:PGM) (OTCMKTS:LRTNF) is "among the better" exploration and development stories out there, according to Mackie research, which has repeated a Speculative Buy rating on the stock and raised its price target.

On Tuesday, the company posted a positive updated resource estimate on its flagship Madsen gold project in the heart of Ontario's famous Red Lake mining district, which will form the basis of a near complete feasibility study on the main deposits and a preliminary economic assessment (PEA) on the satellite zones.

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The latest estimate showed that the higher confidence indicated resources rose by 319,000 ounces to 2.06M ounces at an average grade of 8.9 grams of gold per tonne, while inferred resources rose by 171,000 ounces to 467,000 ounces at an average grade of 7.7 grams of gold per tonne.

PGM is now finalizing the feasibility study on the main Madsen deposit and expects to release the results by month's end, wrote Mackie analyst Stuart McDougall in a research note.

"PGM also expects to shortly release a PEA on the satellite zones. Combined, the Fork, Russet South and Wedge zones host combined resources of 1.76Mt grading 7.63 g/t, for 431,000oz of contained gold," he added.

Wedge zone included

That revision represents a 70% increase in tonnes and 18% higher in grade than the previous estimate of 2017, noted the analyst, mainly reflecting the inclusion of the Wedge zone.

McDougall noted that these zones had the potential to increase the broker's production estimates by nearly 45%, or around 30,000 ounces per year, should they justify the use of the fully permitted milling rate of 1,100 tpd (tonnes per day).

The broker assumes 600 tpd in the first two years of the mine, followed by 750 tpd in year three onwards.

"PGM is nearing the completion of a definitive feasibility study on the proposed restart of the historic Madsen underground gold mine. This combined with the project' high grades and clear exploration upside, continues to rank the company among the better exploration and development stories we see out there," wrote McDougall.

The analyst hiked his target price to \$1.35 a share from \$1.25 due to the larger resource base.

Price: C\$0.69

Market Cap: C\$176.88M

1 Year Share Price Graph



Share Information

Code: PGM

Listing: TSX-V

52 week High Low
C\$0.81 C\$0.50

Sector: General Mining - Gold

Website: puregoldmining.ca

Company Synopsis:

There is a global scarcity of near-term, high grade, quality gold projects in mining friendly jurisdictions. Madsen is one of a select few. We aim to build a long life mine with highly attractive economics. We have a strong foundation. Madsen is extremely well placed with existing infrastructure including a mill, tailings facility and underground development. The Madsen Gold Project is scalable.

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Shares in the company nudged up 3.8% on Wednesday to \$0.81.

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