

# Pure Gold Mining

12:00 07 Aug 2019

## Pure Gold Mining set to start building Madsen Red Lake gold mine after securing US\$90M financing package

Pure Gold Mining Inc (TSX.V:PGM) (LSE:PUR) (OTCMKTS:LRTNF) has pressed go on the construction of its exciting Madsen Red Lake gold mine in Ontario after it told investors Wednesday that it had closed a US\$90 million financing package with Sprott Resource Lending Corp.

The financing closure means the Madsen project is now fully funded and construction can begin, with first gold is expected in late 2020.

**READ:** Pure Gold Mining hits bonanza grade gold at Wedge deposit in Red Lake

Detailed engineering and procurement are now in train along with a hiring strategy, the firm said in a statement.

As well as this financing, resource investor Sprott bought US\$5 million of units in the firm's recently closed placing, which raised C\$47.5 million (around US\$36 million).

"We are very pleased with the financial commitments that Sprott have made towards the development of the project," said Darin Labrenz, president and CEO of Pure Gold.

The US\$90 million package consists of a credit facility amounting to US\$65 million, and a US\$25 million gold stream.

The gold stream is a pre-payment for 5% of Madsen's gold production until 50,000 ounces of gold has been delivered. The stream reduces to 2.5% after that. There is also a full buyback option, in which Pure Gold may elect to terminate the entire stream.

The credit facility of US\$65 million has a term of seven years, with US\$10 million to be advanced immediately, and subsequent tranches available in stages. The interest rate is three-month LIBOR (the interbank lending rate) plus 5.50% to 6.75% per year.

Labrenz commented: "We have achieved our objective of securing a flexible financing package on terms that are competitive and protect the upside for our shareholders. The optionality of repayment of both the Facility and the Gold Stream in a rising gold price environment provides an opportunity to refinance once in production and generating solid cash flows from the mine."

The Madsen project lies in the historic Red Lake district of Ontario, where over 29 million ounces of high-grade gold has been mined, making it one of the largest gold-producing districts in Canada.

**February feasibility study**

In February, a feasibility study for Madsen outlined an 800 tonne per day underground mining operation with a 12-year

**Price:** 0.64

**Market Cap:** \$229.42 m

### 1 Year Share Price Graph



### Share Information

**Code:** PGM

**Listing:** TSX-V

52 week	High	Low
	0.81	0.49

**Sector:** Gold & silver

**Website:** [puregoldmining.ca](http://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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mine life.

Since completing the study, a rising gold market has seen the gold price advance from the feasibility base case price of US\$1,275 per ounce to US\$1,474 per ounce (August 6 spot price), while the Canadian dollar has remained relatively flat at US\$0.75 to C\$1.00, translating to a record high Canadian dollar gold price of C\$1,957 per ounce.

Pure Gold Mining noted that analysis shows, using today's metal price and exchange rate, that the project is estimated to return an after tax net present value (NPV) of C\$369 million and an after-tax internal rate of return (IRR) of 49%, with an initial capital requirement of C\$95 million.

Shares in Toronto rose over 3% to stand at C\$0.63.

---Adds share price---

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