

# 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:** \$0.62

**Market Cap:** \$219.25 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.*

[action@proactiveinvestors.com](mailto:action@proactiveinvestors.com)

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---

Contact the author at [giles@proactiveinvestors.com](mailto:giles@proactiveinvestors.com)

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts, journalists & professional investors, Proactive produces independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +44 (0)207 989 0813 [action@proactiveinvestors.com](mailto:action@proactiveinvestors.com)

### No investment advice

The Company is a publisher. You understand and agree that no content published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You understand that the Content on the Site is provided for information purposes only, and none of the information contained on the Site constitutes an offer, solicitation or recommendation to buy or sell a security. You understand that the Company receives either monetary or securities compensation for our services. We stand to benefit from any volume which any Content on the Site may generate.

You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value, suitability or profitability of any particular security, portfolio of securities, transaction, investment, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including Company-related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The Site does not, and is not intended to, provide investment, tax, accounting, legal or insurance advice, and is not and should not be construed as providing any of the foregoing. You should consult an attorney or other relevant professional regarding your specific legal, tax, investment or other needs as tailored to your specific situation.

In exchange for publishing services rendered by the Company on behalf of Pure Gold Mining named herein, including the promotion by the Company of Pure Gold Mining in any Content on the Site, the Company receives from said issuer annual aggregate cash compensation in the amount up to Twenty Five Thousand dollars (\$25,000).