Pure Gold Mining Inc.

(An Exploration Stage Company)

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended March 31, 2016

Pure Gold Mining Inc.
Management's Discussion and Analysis
For the year ended March 31, 2016

This Management's Discussion and Analysis (the "**MD&A**"), dated as of June 17, 2016, is for the year ended March 31, 2016 and should be read in conjunction with the audited consolidated financial statements as at and for the years ended March 31, 2016 and 2015 of Pure Gold Mining Inc. (also referred to as "**Pure Gold**", or the "**Company**", or "**we**", or "**our**", or "**its**" or "**us**" within this MD&A), including the related notes thereto (together, the "**Annual Financial Statements**") and our other corporate filings including our Annual Information Form for the year ended March 31, 2016 dated June 17, 2016 (the "**AIF**"), available under Pure Gold's profile on SEDAR at www.sedar.com.

This MD&A contains forward looking statements that involve numerous risks and uncertainties. The Company continually seeks to minimize its exposure to business risks, but by nature of its business and exploration activities and size, will always have some risk. These risks are not always quantifiable due to their uncertain nature. Should one or more of these risks and uncertainties, including those described under the heading "Risk factors" in our AIF and those set forth in this MD&A under the headings "Cautionary Notes Regarding Forward-Looking Statements" and "Industry and Economic Factors that May Affect our Business" materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described in forward-looking statements.

The disclosure of technical information in this MD&A has been approved by Phil Smerchanski, P.Geo, Vice President, Exploration of the Company and a Qualified Person ("**QP**") for the purposes of National Instrument 43-101, Standards of Disclosure for Mineral Projects ("**NI 43-101**"). Readers are directed to the section entitled "Scientific and Technical Disclosure" included within this MD&A.

The Company is listed on the TSX Venture Exchange ("**TSX-V**") in Canada under the symbol PGM. All dollar amounts stated in this MD&A are expressed in Canadian dollars unless noted otherwise.

Highlights for the Year and Significant Subsequent Events

- Completed a Preliminary Economic Assessment for Madsen

  On April 20, 2016 the Company announced the results of a Preliminary Economic Assessment ("**PEA**") on its 100%-owned Madsen Gold Project ("**Madsen**") located in the Red Lake mining district of Ontario, Canada. The PEA provides a base case assessment of developing a portion of the current mineral resources by utilizing existing mining infrastructure, including the permitted mill and tailings facilities. Highlights include (base case parameters assume a gold price of US$1,175/oz and an exchange rate (US$ to C$) of 0.80):

  - Pre-Tax $NPV_{5\%}$ and IRR of $104 million and 74% respectively with a 1.5 year payback period
  - After-Tax $NPV_{5\%}$ and IRR of $76 million and 62% respectively with a 1.5 year payback period
  - Mine life of 6.5 years with peak annual gold production of approximately 58,000 ounces
  - Pre-production capital cost estimated at $20.1 million
  - LOM cash cost plus sustaining cost of US$692/oz

- Madsen Exploration

  Exploration during the year has been focused on the McVeigh horizon where drilling to date suggests that the McVeigh horizon is a folded continuation of the Austin horizon. The Madsen Mine, which operated for over 36 years, produced 2.5 million ounces of gold at an average grade of 9.9 g/t with the primary source of mine feed coming from the Austin horizon which was mined from surface to a depth of 1,200 metres. The McVeigh horizon shares the same characteristics and similar widths and grades as the parallel Austin horizon, with drilling to date indicating that the McVeigh horizon is open for potential resource expansion along strike and at depth, below historical mining depths of 230 metres.

Drilling at Russet South, first drill tested by Pure Gold in 2015, has delineated three separate zones – Alpha, Beta and Kappa – which together form part of a large altered mineral system approximately 600 metres long by 350 metres wide at surface. This target has now been drilled to a depth of approximately 200 metres, with gold mineralization encountered from surface and remains open in all directions. These targets share a similar geologic environment to Madsen's 8 Zone resource, which is situated 1.6 kilometres down dip on the same geologic contacts.

On June 9, 2016, Pure Gold announced an expansion to its 2016 exploration program, including an additional 35,000 metres of diamond drilling at the Madsen Gold Project. The planned $9.1 million expansion of the program will include:

- An additional 30,000 metre diamond drill program focused on the potential expansion of the McVeigh horizon;
- Approximately 5,000 metres of drilling at Russet South and other satellite targets with a goal of expanding the near surface, high-grade mineralization discovered to date;
- Development of a plan to re-open the existing McVeigh portal and decline allowing for an underground inspection, and for detailed underground geological mapping and sampling to refine structural setting, characterize mineralization and aid in additional targeting at McVeigh; and
- Continued surface geology mapping, soil and rock sampling, scientific review of historic data sets and multidisciplinary analysis and refinement of targeting.

- Sale of Non-Core Assets

On December 2, 2015, Pure Gold entered into a binding letter of intent to sell 28 non-core mining claims to Premier Gold Mines Limited ("Premier"). Total consideration to Pure Gold consisted of $2.5 million in cash and a further $2.5 million in share consideration based upon the 20-day Volume Weighted Average Price ("VWAP") of Premier shares, preceding closing. In addition, Pure Gold would be granted a 1% Net Smelter Return ("NSR") royalty on the majority of the claims divested, with Premier having the right to acquire back 50% of the NSR royalty for $1.0 million.

On December 30, 2015, Pure Gold announced a partial closing of the above transaction, consisting of all of the mineral rights associated with the 28 claims. Pure Gold received $2.0 million in cash and 1,001,721 common shares of Premier valued at $2.6 million and was granted the 1.0% NSR royalty. On May 20, 2016 the Company received the remaining $0.5 million in cash upon closing of the sale of surface rights for the Buffalo claims to Premier. The Premier shares were sold in May 2016 for net proceeds of $3.4 million.

- Completion of Flow-Through Share Financing

On June 8, 2016, the Company closed a bought deal private placement whereby the Company raised gross proceeds of $6.3 million through the issuance of 8,334,000 flow-through common shares at a price of $0.75 per flow-through common share. The funds raised are sufficient to complete the Company's planned exploration activities for the balance of 2016.

- Warrant Exercises

As of the date of this MD&A, Pure Gold received total proceeds of $1,998,250 from the early exercises of 3,996,500 share purchase warrants with a strike price of $0.50 expiring September 4, 2016.

Outlook

Pure Gold is focused on advancing high quality assets that host the key traits of economic mines: grade, scope, size potential and access to infrastructure in mining-friendly jurisdictions. Our key asset is Madsen which comprises in excess of 4,400 hectares in the prolific Red Lake gold camp of Northwestern Ontario, and hosts two significant former gold producers including the Madsen Mine which had previous gold production of approximately 2.5[1] million ounces. In addition to the historic production and the NI 43-101 compliant mineral resource, Madsen has strong exploration potential and recently, the Company issued a PEA that provides a base case assessment of developing a portion of the mineral resource by utilizing existing mining infrastructure, including the permitted mill and tailings facilities.

Most recently, the Company compiled and analyzed the digitized historic geology, drilling and mining data of Madsen's parallel Austin and McVeigh mineralized horizons. The Austin horizon was the principal source of mine feed for the Madsen Mine, which was in operation for more than 30 years. During this time, well over two million ounces of gold was produced from surface to a depth of 1,200 metres, at a historic production rate of approximately 170,000 ounces of gold per 100 vertical metres. The parallel McVeigh horizon only saw limited near-surface production with a maximum mining depth of approximately 230 metres.

Initial drilling results from the Company's recently completed winter drill program confirm that the McVeigh horizon hosts broad shoots of high-grade gold mineralization. A better understanding of the complex McVeigh mineralization suggests it may be a folded extension of the Austin. Importantly, current drilling strongly suggests there is opportunity to possibly expand the McVeigh mineralized zone.

A new understanding of controls on high-grade mineralization in the Red Lake camp has resulted in multiple recent discoveries including the High Grade Zone at Goldcorp's Red Lake Gold Mine. Opportunity exists to apply modern science to the Madsen Mine Trend, where substantive production ceased in 1974. The Company's 8 Zone deposit, discovered in 1969 at the Madsen Mine is a high grade quartz carbonate vein system that lies within the ultramafic contact zone, similar to other recent high grade discoveries in the district and demonstrates the potential of this zone to host significant mineralization. Pure Gold's Russet South target is a surface exploration target with geological similarities to the 8 Zone. Pure Gold has inherited decades worth of data from previous owners and operators at Madsen. This data is now being evaluated using modern techniques which is shedding new light on defining additional high potential exploration targets.

At Madsen, numerous high-grade discoveries have been made in proximity to the ultramafic contact zone over the last decade and many of these high-grade discoveries have only been partially advanced. Additional satellite mineral zones may be identified with additional geological studies and drilling (although there can be no assurance that any resources will be defined). Some additional examples of exploration targets discovered post mine closure include the Fork Zone and the Alpha, Beta and Kappa targets at Russet South.

Pure Gold will continue to advance many of these and other earlier stage exploration targets with the goal of defining further mineral zones (although there can be no assurance that any resources will be defined).

For fiscal 2017, Pure Gold will focus its efforts drilling the McVeigh zone to further expand mineralization at depth. Additional drilling will also occur at the Russet South and other targets, located on the 10 km-long ultramafic contact zone with an objective of further expanding these high grade discoveries. For the balance of calendar 2016, the Company has proposed an exploration budget of $9.1 million which will include a planned 35,000 metres of drilling.

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[1] Historic drill hole results and production figures and other details from the Madsen and Starratt-Olsen mines disclosed in this document were completed prior to the implementation of National Instrument 43-101. A full discussion and cautionary language can be found in the National Instrument 43-101 Technical Report entitled "NI 43-101 Technical Report on the Preliminary Economic Assessment for the Madsen Gold Project" with an effective date of April 20th, 2016, which can be found on Pure Gold's profile on SEDAR at www.sedar.com.

Overall Performance

Exploration Projects

<u>Madsen Gold Project, Red Lake, Ontario</u>

In fiscal 2014, the Company acquired a 100% interest in Madsen from Claude Resources Inc. ("Claude") for cash (including transaction costs) and share consideration totalling $12.2 million.

In fiscal 2015, the Company successfully completed the acquisition of the Newman-Madsen property ("Newman-Madsen"), from Sabina Gold & Silver Corp for total consideration (including shares and transaction costs) of $2.8 million.

On December 30, 2015, the Company completed a partial sale (the "First Closing") of certain non-core patented mining claims (the "Buffalo Claims") (acquired in the above noted transactions) to Premier. Pure Gold received cash consideration of $2.0 million, share consideration of $2.5 million (consisting of 1,001,721 common shares of Premier, valued at the 20-day VWAP of Premier's common shares on First Closing) and a 1% net smelter return royalty on substantially all of the Buffalo Claims, in exchange for the transfer of all mineral rights and certain surface rights on the Buffalo Claims to Premier. The Company subsequently sold the Premier shares, realizing net proceeds of $3.4 million.

A further $0.5 million in cash consideration was received on May 20, 2016 upon the sale of and transfer of all surface rights relating to the Buffalo claims to Premier.

Madsen, (following the acquisition of Newman-Madsen and after the sale of certain non-core mineral claims to Premier) comprises 246 mining claims (predominantly patented and including accompanying surface rights) covering an area of 4,382 hectares in the prolific Red Lake gold camp of Northwestern Ontario. Madsen hosts two former gold producers including the Madsen Mine.

The Madsen Mine operated continuously from 1938 to 1974, and 1997 to 1999. Total recorded production is 7,872,679 metric tonnes at an average grade of 9.7 g/t Au producing 2,452,388 ounces of gold[2].

The second former gold producer on the Madsen property is the historic Starratt-Olsen Mine. A 450 metre shaft was constructed in 1945 and mining operations were carried out from 1945 to 1956. A total of 823,544 metric tonnes were mined at an average recovered grade of 6.17 g/t Au to produce 163,990 ounces of gold[2]. The Starratt-Olsen Mine does not have a current mineral resource. Only limited modern day exploration has been conducted near the mine workings. Compilation of historic data and initial drill testing is planned by Pure Gold in late 2016 at Starratt.

In addition to the historic production and the mineral resources (see "Mineral Resources" below for details of mineral resources at Madsen), management believes Madsen has significant exploration potential. Following the compilation of digitized historic geology, drilling and mining data, the Company developed a new model for Madsen's parallel Austin and McVeigh mineralized horizons. While the Austin horizon was the principal source of mine feed for the Madsen Mine for more than 30 years, the McVeigh was subjected to limited historic mining. Pure Gold believes that the McVeigh is a fold continuation of the Austin and that opportunity exists to potentially expand gold mineralization within the McVeigh.

A new interpretation of the role of folded ultramafic contacts and structural controls has resulted in multiple recent discoveries in the district, including Goldcorp's High Grade Zone at the Red Lake Mine Complex. Pure Gold believes that opportunity exists to apply modern exploration science and a new

[2] Historic drill hole results and production figures and other details from the Madsen and Starratt-Olsen mines disclosed in this document were completed prior to the implementation of National Instrument 43-101. A full discussion and cautionary language can be found in the National Instrument 43-101 Technical Report entitled "NI 43-101 Technical Report on the Preliminary Economic Assessment for the Madsen Gold Project" with an effective date of April 20th, 2016, which can be found on Pure Gold's profile on SEDAR at www.sedar.com.

understanding of the district to achieve similar success along the 10 km-long ultramafic contact at Madsen.

Madsen's Zone 8 deposit, discovered in 1969 along the ultramafic contact zone, has historic drill intersections that include 10.6 metres grading 16.7 g/t gold and 6.4 metres grading 21.9 g/t gold. These were followed up in recent years, returning drill intercepts as high as 7.9 metres grading 26.4 g/t gold. Zone 8 is a system of high-grade gold hosted in quartz carbonate veins, with mineralization similar in style and host environment to more recent discoveries in the district.

At Madsen, the 20 km-long ultramafic contact is prospective for additional high-grade discoveries, and numerous recent discoveries along this contact have only been partially advanced. Pure Gold is pursuing a strategy of exploring for additional near surface high-grade mineralization along the 10 km-long unconformity and the 20 km-long ultramafic contact.

Mineral Resources

The Madsen mineral resource estimate, prepared by SRK Consulting (Canada) Inc., is based upon a geostatistical block model that incorporated over 550,000 individual assays from 13,624 core boreholes (816,367 metres), 4,446 historic underground stope chip samples, and 27 levels of geologic mapping and sampling. Historic underground boreholes were typically drilled perpendicular to development drifts on all levels of the mine, usually at 25 feet (7.6 metres) spacing. Historic drilling was validated by 764 boreholes completed since 1999 by modern operators following best practices guidelines.

In 2016 SRK was contracted again to review the resource in light of exploration work conducted by the Company from 2014, in preparation of the PEA (discussed below). SRK was of the opinion that the exploration work conducted by the Company from 2014 through December 31, 2015, did not materially impact the mineral resource. Table 1.0 summarizes the mineral resources.

Table 1.0 Mineral Resource Statement for Madsen Gold Project[3]

Resource Classification	Tonnes	Grade (Au g/t)	Contained Gold (oz.)
Indicated	3,236,000	8.93	928,000
Inferred	788,000	11.74	297,000

Existing mine and mill infrastructure on the property includes a 1,275 metre shaft, a 500 tonne per day mill and Carbon in Pulp “CIP” gold recovery circuit installed at site in the late 1990's, and tailings storage facility, all of which are permitted and currently on care and maintenance. The existing permitted infrastructure provides considerable development flexibility, allowing for shortened timelines and the opportunity to leverage on exploration success.

Preliminary Economic Assessment

On April 20, 2016, the Company announced a PEA for the Madsen. The PEA provides a base case assessment of developing a portion of the mineral resources by utilizing existing mining infrastructure, including the permitted mill and tailings facilities. Highlights of the PEA are as follows[4]:

- Pre-Tax NPV5% and IRR of $104 million and 74% respectively with a 1.5 year payback period;

[3] Mineral resources are not mineral reserves and do not have demonstrated economic viability. All figures have been rounded to reflect the relative accuracy of the estimates. Mineral resources are reported at a cut-off grade of 5.0 g/t gold based on US$1,000 per troy ounce gold and gold metallurgical recoveries of 94 percent. For further details as to how the mineral resource for Madsen was calculated, see the National Instrument 43-101 Technical Report entitled “NI 43-101 Technical Report on the Preliminary Economic Assessment for the Madsen Gold Project” with an effective date of April 20, 2016, which can be found on Pure Gold’s profile on SEDAR at www.sedar.com.

[4] Base case parameters assume a gold price of US$1,175/oz and an exchange rate (US$ to C$) of 0.80.

- After-tax NPV5% and IRR of $76 million and 62% respectively with a 1.5 year payback period;
- Mine life of 6.5 years with average annual gold production of 47,191 ounces and peak annual gold production of approximately 58,000 ounces;
- Life of mine ("LOM") diluted head grade of 8.3 g/t gold;
- Mine plan considers only a portion of the existing mineral resource that is within 600 metres of surface and accessible via the existing ramp;
- Pre-production capital cost estimated at $20.1 million with a 12 month pre-production period;
- LOM sustaining capital costs estimated at $39.2 million; and
- LOM cash cost of US$571/oz[5] and LOM cash cost plus sustaining capital cost of US$692/oz

The PEA envisions an underground mining operation utilizing the existing mining, milling, and tailings management infrastructure at Madsen. The existing McVeigh portal is approximately one kilometre from the existing mill, and currently provides ramp access to the top 150 metres of the mine workings. The PEA mine plan includes further development of the ramp to a depth of 600 metres to access the upper 12 levels of the mine.

Pre-production capital costs are estimated at $20.1 million with the majority of the costs associated with mill refurbishment as well as ramp and surface development. Additional capital cost requirements include surface installations and a new ventilation and pumping system which will utilize the existing shaft. Pre-production capital could be minimized by utilizing existing infrastructure, including a 500 tonne per day mill with carbon-in-pulp (CIP) circuit and tailings management facility. The existing McVeigh portal would be further developed from its current access of 150 metres, down to a total depth of 600 metres. Existing workings would be rehabilitated as access development occurs.

Underground mining and haulage is anticipated to be completed by contract mining companies using their own equipment, conducted 365 days per year. Electrical grid power would provide the power to the project over the life of the mine. The site is currently serviced by 44 kV power.

Life of mine sustaining capital costs are estimated at $39.2 million with the majority of the costs associated with ramp development, slashing existing workings, and new access development.

The PEA mine plan envisages that mechanized cut & fill, shrinkage, and long-hole mining methods would be employed to extract the mineralized material. All three of these methods have been used historically with success at the Madsen mine over its 38 year mining history.

All ramp and level waste development would be performed by a mining contractor using two boom electric hydraulic drill jumbos, 3.5 cubic-yard bucket LHD's, 20 tonne haul trucks, scissor lift/bolters and other rubber tired diesel-powered support equipment.

All mine manpower except for technical and support staff would be contracted employees. Total personnel expected on-site, including contractors, is estimated at 150 people. This estimate includes mine and surface employees, mine site management, as well as engineers and geology personnel. The direct mining personnel totals approximately 89 persons at peak. Technical and support staff are expected to be based in the Red Lake community.

The PEA considers refurbishing the existing mill and tailings management facility which have been on care and maintenance since 1999. Mill production of 550 tonnes per day is assumed to be achievable by modernizing controls and instrumentation of the reagent and grinding circuits. Mill and tailings dam

[5] Cash cost includes mining cost, mine-level G&A, mill and refining cost

refurbishment, inclusive of contingency, is estimated at $3.1 million, of which $2.3 million is included as a pre-production capital cost item and the remainder is sustaining capital.

The mill consists of a single stage crushing circuit and a two stage grinding circuit, which is then followed by cyanide leaching. The leached gold is collected in a CIP circuit which is subsequently stripped using mild caustic and collected on stainless steel mesh cathodes by electrowinning. The product from electrowinning is refined into doré bars in an induction furnace.

A 92% gold recovery was assumed for the PEA, based on the historical average recovery rate of the mill when it operated intermittently from 1997 to 1999.

The PEA supports that Madsen has the potential to be economically viable. While the PEA only considers the extraction of approximately 25% of Pure Gold's existing mineral resource tonnes, opportunities exist to expand the base case scenario through project exploration and resource growth. Pure Gold has been successful in intersecting mineralization below the shallow mine workings in the McVeigh horizon in close proximity to the proposed ramp development (see discussion under "*Exploration and development*" below). Additional opportunities to be investigated include:

- Optimizing mine plan to consider mineral resources currently outside of the scope of this PEA;

- Review optimization of mill processing rates as well as potential increases to throughput rate under the existing Environmental Compliance Approval which allows for operation of a 1,089 tonne per day mill and CIP circuit;

- Further metallurgical test work to optimize gold recovery; and

- Conversion of inferred resources to measured and indicated (although there is no certainty they can be converted).

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.[6]

The PEA is preliminary in nature and includes inferred mineral resources that are too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that PEA results will be realized. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

Exploration at Madsen

Since acquiring Madsen in March 2014, Pure Gold has spent a cumulative total of $9.0 million exploring and developing Madsen as follows:

- Consolidated historic archives from former operators into a common digital platform;
- Conducted a high resolution airborne magnetic survey;
- Defined sampling and assaying protocols suitable for Red Lake coarse gold;
- Developed new predictive vectoring tools for targeting high grade, 8 Zone-style mineralization;
- Developed geological targeting models of high grade gold zones by constructing new 3D stratigraphic, structural, and alteration models, allowing more predictive drill targeting of ultramafic contact 8 Zone-style mineralization;
- Stripped, mapped and chip and channel sampled key areas within the broad mineral system footprint identified at Russet South;

[6] For further details as to how the PEA for Madsen was calculated, see the National Instrument 43-101 Technical Report entitled "NI 43-101 Technical Report on the Preliminary Economic Assessment for the Madsen Gold Project" with an effective date of April 20, 2016, which can be found on Pure Gold's profile on SEDAR at www.sedar.com.

- Commenced engineering studies on existing resource and infrastructure culminating in the completion of a PEA;
- Completed approximately 5,800 soil samples over the entire project area;
- Prioritized near surface drill targets designed to expand the current mineral resource and discovered the new Alpha, Beta and Kappa zones at Russet South which delineated near-surface high-grade gold mineralization within a 600 metre by 350 metre target area, that remains open down dip and along strike;
- Developed a new interpretation for the McVeigh horizon.
- Drilled over 85 diamond drill holes for more than 20,000 metres, with the majority of this core analyzed for gold and multi-element geochemistry; and
- An additional 9,000 metres of historic drill core was re-logged and selectively re-sampled.

Pure Gold spent the year compiling, analyzing and digitizing historic geology, drilling and mining data of the Madsen Mine's parallel Austin and McVeigh mineralized horizons. The Austin horizon was the principal source of mine feed for the Madsen Mine. The parallel McVeigh horizon only saw limited near-surface production with a maximum mining depth of approximately 230 metres. Pure Gold's work suggests that the McVeigh horizon is a parallel fold of the Austin horizon.
Significant results obtained from drilling at McVeigh during fiscal 2016 and subsequent to year-end, include[7]:

- Hole PG16-057, 11.3 g/t Au over 9.3 metres;
- Hole PG16-058, 16.0 g/t Au over 7.0 metres, including 45.5 g/t Au over 2.1 metres and a separate zone of 9.9 g/t Au over 7.0 metres ;
- Hole PG16-060, 10.3 g/t Au over 3.2 metres, including 50.8 g/t Au over 0.6 metres;
- Hole PG16-071, 11.0 g/t Au over 5.9 metres;
- Hole PG16-075, 20.6 g/t Au over 2.0 metres;
- Hole PG16-093, 10.9 g/t Au over 9.8 metres, including 27.0 g/t Au over 3.8 metres;
- Hole PG16-112 31.3 g/t Au over 3.7 metres, including 54.1 g/t Au over 2.0 metres; and
- Hole PG16-122 14.2 g/t Au over 5.0 metres.

Work also continued at the Russet South target. Mineralization at Russet South, located 1,500 metres west of the Madsen mine infrastructure, is of a similar style to the Madsen Mine's 8-zone zone and other recent discoveries in the Red Lake district, such as Goldcorp's HG Young and High Grade Zone[8]. Drilling in 2015 has delineated near surface gold mineralization in three zones over a 350 metre x 650 metre mineralized system and remains open down-dip and along strike. During fiscal 2016 the Company obtained the following significant results from drilling at Russet South[9]:

- Hole PG15-027, 9.5 g/t Au over 3.5 metres;
- Hole PG15-028, 15.0 g/t Au over 5.0 metres;

[7] See Press Releases dated March 1, 2016, April 4, 2016, May 17, 2016 and June 14, 2016 available on the Company's website at www.puregoldmining.ca or under its SEDAR profile at www.sedar.com, for further details of the results obtained from the McVeigh horizon drilling.

[8] There are no assurances that the geological similarities to the 8 Zone, HG Young, or High Grade Zone mineralization will result in the establishment of any resource estimate at Russet South, or, if found to exist, that it will be of a similar grade or quantity that is found at those other deposits, or that the Russet South target can be advanced in a similar timeframe

[9] See Press Releases dated May 27, 2015, June 16, 2015, April 11, 2016, May 4, 2016 and June 14, 2016 available on the Company's website at www.puregoldmining.ca or under its SEDAR profile at www.sedar.com, for further details of the results obtained from the Russet South target drilling.

- Hole PG15-031, 39.1 g/t Au over 2.9 metres;
- Hole PG15-032, 37.5 g/t Au over 1.7 metres
- Hole PG15-045, 5.4 g/t Au over 8.0 metres including 12.3 g/t Au over 2.9 metres;
- Hole PG16-069, 22.1 g/t gold over 3.5 metres, including 36.9 g/t gold over 1.8 metres; and
- Hole PG16-091, 20.1 g/t gold over 2.9 metres.

The Company spent a total of $4.2 million on exploration and development during the year ended March 31, 2016 compared to a budget of $4.0 million, due to an acceleration of the winter exploration program drilling. A total of 10,168 metres were drilled during the fiscal year, including 3,993 metres drilled at Russet South and 6,175 metres targeting the McVeigh and Austin horizons near the historic Madsen mine site.

The Company has designed a further $9.1 million exploration program for Madsen for the remainder of calendar 2016 that will include 30,000 metres of drilling, primarily targeting the McVeigh horizon, with approximately 5,000 metres to be drilled at Russet South and other targets. The program will also entail ongoing environmental monitoring, rehabilitation and tailings dam inspections, and opening of the historic McVeigh decline and inspection of the existing McVeigh decline to allow for underground mapping and sampling of the McVeigh horizon.

<u>Other Mineral Property Interests</u>

The Company has not incurred any significant costs exploring other properties in its portfolio during the year ended March 31, 2016, as the Company's focus is Madsen. Minimal expenditures are expected at any of the Company's other mineral property interests. See the MD&A for the year ended March 31, 2015 for a description of the Company's Other Mineral Interests.

Selected Financial Information

Management is responsible for the Annual Financial Statements referred to in this MD&A, and provides officers' disclosure certifications filed with the Canadian provincial securities commissions. Although the Company's Audit Committee reviews the Annual Financial Statements and MD&A and makes recommendations to the Company's Board of Directors, (the "Board'), it is the Board which has final approval of the Annual Financial Statements and MD&A.

The Annual Financial Statements have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") and interpretations of the IFRS Interpretations Committee ("IFRIC") as issued by the International Accounting Standards Board ("IASB"). Our significant accounting policies are presented in Note 3 of the Annual Financial Statements; we followed these accounting policies consistently throughout the year.

We have elected to expense all exploration and evaluation expenditures relating to our mineral exploration property interests. Details of new accounting policies or standards, effective for the reporting period beginning April 1, 2015, and their effect on the financial information are discussed within this MD&A in the section entitled "Changes in Accounting Policies and New Pronouncements".

The financial data presented below for the current and comparative periods was derived from the financial statements prepared in accordance with IFRS. Pure Gold raises its financing and incurs head office expenses in Canadian dollars and therefore, it has been determined to have a Canadian dollar functional currency.

The Company's operations are in one industry – the exploration for gold, and other precious and base metals. At March 31, 2016, Pure Gold has one geographic location being Canada. Information discussed herein reflects the Company as a consolidated entity, consistent with our determination that the one industry in which we operate provides the most meaningful information to a user.

Results of Operations

The following financial data are derived from our annual financial statements for the years ended March 31, 2016, March 31, 2015 and March 31, 2014 respectively:

	For the year ended March 31, 2016		For the year ended March 31, 2015		For the year ended March 31, 2014	
Total Revenue	**$**	**-**	$	-	$	-
Net loss for the year attributable to shareholders	**$**	**5,009,047**	$	7,154,500	$	1,098,112
Total comprehensive loss for the period	**$**	**4,558,273**	$	7,154,500	$	1,098,112
Basic and Diluted Loss per Share	**$**	**(0.04)**	$	(0.07)	$	(0.07)

Fiscal year ended March 31, 2016 vs. fiscal year ended March 31, 2015

Net loss for the year ended March 31, 2016 totaled $5.0 million compared to $7.2 million for the same period in the prior year. The most significant contributors to the loss for the years ended March 31, 2016 and 2015, were (i) exploration and evaluation expenditures, (ii) wages, consulting and directors fees (iii) non-cash share-based compensation expense (iv) office and rent expenses (v) investor relations and communication expenditures and (vi) professional fees. Explanations for material variances are described below.

Exploration and evaluation expenditures totalled $4.2 million for the year ended March 31, 2016 remaining relatively consistent on a total expenditure basis compared to $4.5 million for the same period in the prior year.

Fiscal 2016 saw the number of metres drilled decreased slightly to 10,168 metres compared to 11,015 metres in fiscal 2015 while drilling costs fell from $1.3 million in fiscal 2015 to $1.1 million in the current year, reflecting a more efficient drill contractor and logistical savings related to drilling nearer to the Madsen mine infrastructure. Fiscal 2016 saw an increase in assaying costs to $0.4 million compared to $0.3 million in fiscal 2015, reflecting additional screen metallic assays and specific gravity measurements due to the increased percentage of metres drilled in mineralization. Geology and geophysics costs in fiscal 2015 totalled $0.1 million compared to nil in fiscal 2016. Fiscal 2015 saw the Company complete a 1,653 line-kilometre helicopter-borne geophysical survey over the entire property. During the year ended March 31, 2016, the Company incurred $0.2 million on engineering costs, primarily associated with the PEA and related engineering studies.

Share-based compensation expense decreased to $0.4 million for the year ended March 31, 2016, compared to $0.9 million in the same period in the prior year, reflecting fewer options granted in fiscal 2016 compared to the prior year. Share-based compensation expense relates to grants from current and previous periods in which stock options were granted to directors and employees. During fiscal 2016, the Company granted 3.6 million stock options with a weighted average exercise price of $0.11, to directors, employees, and consultants, compared to 5.8 million stock options with a weighted average exercise price of $0.34 granted in fiscal 2015. All stock options granted to non-executive directors vested immediately resulting in the immediate recognition of the corresponding share based compensation expense on the date of grant. Stock options granted to executive directors, 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. The stock options granted on February 18, 2016 to a consultant vest over a one year period with the corresponding share-based compensation expense being recognized over this period.

Generally, share based compensation expense should be expected to vary from period to period depending on several factors, including whether options are granted in a period and whether options have fully vested or are cancelled in a period. In determining the fair market value of share-based compensation granted to directors and employees, management makes significant assumptions and estimates. These estimates have an effect on the stock based compensation expense recognized and the equity reserves balance on our statements of financial position. Management has made estimates of the life of the options, the expected volatility and the expected dividend yields that could materially affect the fair market value of this type of security. The estimates were chosen after reviewing the historical life of the options and analyzing share price history from that of a peer group to determine volatility.

Office and rent totalled $0.3 million and $0.3 million respectively, remaining consistent, for the fiscal years ended March 31, 2016 and 2015.

Investor relations and communication totalled $0.1 million for the year ended March 31, 2016, compared to $0.5 million for the same period in the prior year. In fiscal 2015, the Company incurred costs to develop a new brand name, brand signature, approach and foundation to reposition and build the long-term brand equity of the Company and to highlight Madsen to the markets, which the Company acquired at the end of fiscal 2014. In fiscal 2016, the Company curtailed investor relations activities in an effort to conserve cash, in light of difficult financing markets at the time.

Professional fees remained consistent and within expectations between fiscal 2016 and 2015 at $0.1 million per year

For the year ended March 31, 2016, the Company included a mark to market gain of $0.5 million within Other Comprehensive Income on the 1,001,720 shares of Premier held at year-end, which were considered available for sale investments. This unrealized gain is the difference between the fair value of the shares in December 2015 at the time of the sale of the mineral rights on the Buffalo Claims to Premier compared, to the fair value of the shares at March 31, 2016. As a result, the Company has a Comprehensive loss for the year of $4.5 million. Any unrealized gain or loss on available for sale investments is reclassified to profit and loss when the assets are sold.

Fiscal year ended March 31, 2015 vs. fiscal year ended March 31, 2014

Expenses totalled $7.2 million for the fiscal year ended March 31, 2015 up 524% from $1.2 million a year earlier. The overall increase in substantially all of the expense categories is a function of significantly increased activity within the Company upon the acquisition of Madsen since March of 2014. Prior to the acquisition of Madsen, the Company operated on reduced cost and staffing levels as it conducted a search for a new primary asset.

Exploration and evaluation expenditures at March 31, 2015 increased to $4.5 million from $0.2 million in the prior year. The Company acquired Madsen in March 2014 and quickly embarked on its exploration program for the project leading to a significant increase in exploration and evaluation expenditures compared to fiscal 2014. Fiscal 2014 saw very little exploration activity as the Company continued its search for a new project which eventually culminated in the acquisition of Madsen and then the Newman-Madsen property. During the fiscal year ended March 31, 2015, the Company received a refundable mineral exploration tax credit of $161,511 for eligible exploration expenditures incurred in the Province of Quebec relating to the Antofagasta strategic alliance. This amount has been recorded as an offset to exploration and evaluation expenditures.

Share-based compensation expense for the fiscal year ended March 31, 2015 totaled $0.9 million, compared to $285 for the same period in fiscal 2014. The increase in share-based compensation expenses is a direct result of the granting of 5.8 million stock options to new directors and new and existing employees during the first quarter and fourth quarter of fiscal 2015. All stock options granted to non-executive directors vested immediately resulting in the immediate recognition of the corresponding share-based compensation expense on the date of grant. Stock options granted to executive directors and employees will vest over three years with the corresponding share-based compensation expense being recognized over this period. There were no stock option grants during the fiscal year ended March 31, 2014.

Wages, consulting and director fees increased by $0.4 million to $0.8 million for the fiscal year ended March 31, 2015 compared to $0.4 million for the same period in the prior year. The change was solely due to an increase in payroll and consulting fees as the Company ramped up activities following the acquisition of Madsen in March 2014. New staff has been hired to build out the team to manage the increased activity levels within the Company. In the prior year, activity levels were minimized as the Company focused its efforts on acquiring a new transformative project.

Investor relations and communication expenses totaled $0.5 million for the fiscal year ended March 31, 2015 compared to $2,698 for the same period in the prior year. The increase in investor relations and communication expenses for the current period is due to the Company incurring costs to promote the Company's activities and attract new investors to the Company, develop a new brand name, brand signature, approach and foundation to reposition and build the long-term brand equity of the Company and to advise the markets about the Company's new Madsen acquisition and new project focus. In fiscal 2014, activity levels were minimized as the Company focused its efforts on acquiring a new transformative project.

Office and rent expense increased by $0.2 million to $0.3 million for fiscal year ended March 31, 2015, compared to $0.1 million for the same period in the prior year. The Company moved to a new office in March of 2014 to accommodate the increased staffing levels required for the Madsen project resulting in an increase in office costs incurred for fiscal 2015 over fiscal 2014.

Financial Position

The following financial data are derived from our Annual Financial Statements for the fiscal years ended March 31, 2016 and March 31, 2015:

	As at March 31, 2016	As at March 31, 2015
Total assets	**$ 21.7 million**	$ 26.3 million
Current liabilities	**$ 1.4 million**	$ 1.8 million
Non-current liabilities	**$ 2.5 million**	$ 2.6 million
Cash dividends declared	**$ -**	$ -

Total assets decreased by $4.6 million from March 31, 2015 to March 31, 2016, primarily as a direct result of $5.4 million spent on exploration and engineering expenses at Madsen and administrative expenditures for the year, offset by interest income, the mark to market gain on the available for sale investment in Premier, and an increase in exploration and evaluation assets as a result of the elimination of the closure obligation on the Buffalo Property, sold to Premier.

We have not yet completed feasibility studies to determine whether any of our exploration properties contain resources that are economically recoverable. All direct costs associated with the acquisition costs of the Company's mineral property interests are capitalized as incurred. All exploration and evaluation expenditures incurred are expensed in the Company's statement of loss and comprehensive loss. If a property proceeds to development, any costs then incurred would become part of pre-production and development costs of the mine. If a property is abandoned or continued exploration is not deemed appropriate in the foreseeable future, the related acquisition costs are written-off.

Current liabilities decreased by $0.4 million to $1.4 million at March 31, 2016 compared to $1.8 million at March 31, 2015. Accounts payable and accrued liabilities increased by $0.2 million in fiscal 2016 as a result of the timing of accounts payable due to an active drill program at year-end. In addition the Company has recognized a $0.3 million liability in fiscal 2016 relating to cash received from Premier for proceeds related to the sale of surface rights on the Buffalo claims that were not legally transferred to Premier until May 2016. Finally, the $1.0 million flow-through premium liability, recognized at March 31, 2015, has been reduced to $0.04 million as the Company has filed the necessary paperwork and renounced and spent substantially all of the required qualifying resource expenditures, to investors of flow-through shares.

Non-current liabilities decreased by $0.1 million at March 31, 2016 compared to the prior year as a direct result of the elimination of the closure obligation pertaining to the Buffalo claims, which has now been transferred to Premier upon the sale of the Buffalo claims to Premier.

Shareholders' Equity

The Company issued Common Shares as follows during the fiscal year ended March 31, 2016:

Date	Common Shares
March 11, 2016	50,000 – common shares issued on the exercise of employee stock options

Refer also to the discussion in this MD&A under the heading, "Outstanding Share Data". The Company has not declared any dividends since incorporation.

Summary of Quarterly Results

The following information is derived from the financial statements of Pure Gold which have been prepared in accordance with IFRS applicable to interim financial reporting including IAS 34. It should be read in conjunction with, our unaudited condensed interim consolidated financial statements for each of the past eight quarters, as well as the Annual Financial Statements. Consistent with the preparation and presentation in our Annual Financial Statements, these unaudited quarterly results are presented in Canadian dollars. The determination of functional currency for the Company and its subsidiary is unchanged from that which is consolidated in the Annual Financial Statements and also from the discussion within this MD&A under the heading, "Selected Annual Information".

	Mar 31, 2016	**Dec 31, 2015**	**Sep 30, 2015**	**Jun 30, 2015**	**Mar 31, 2015**	**Dec 31, 2014**	**Sep 30, 2014**	**Jun 30, 2014**
Total revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total expenses	$2,375,790	$803,801	$1,234,650	$1,544,054	$1,938,842	$1,966,490	$1,658,249	$1,632,237
Net loss For the period	$1,447,436	$801,315	$1,228,903	$1,531,393	$1,933,548	$1,962,672	$1,644,426	$1,613,854
Total comprehensive loss for the period	$986,645	$811,332	$1,228,903	$1,531,393	$1,993,548	$1,962,672	$1,644,426	$1,613,854
Basic and diluted loss per share	$0.01	$0.01	$0.01	$0.01	$0.02	$0.02	$0.02	$0.02

The Company's net loss for the quarter ended March 31, 2016 increased 75% compared to the net loss for the quarter ended December 31, 2015 while total expenses increased 194%. The Company commenced a 16,000 metre winter drill program in January 2016 resulting in exploration expenses of $1.9 million being recognized in the quarter. The net loss for the quarter ended March 31, 2016 also reflected a $0.9 million income tax recovery due to the reversal of substantially all of the flow through premium liability at March 31, 2016 as the qualifying exploration expenses had been substantially incurred and renounced to flow-through share subscribers.

The Company's net loss and total comprehensive loss for the quarter ended December 31, 2015 decreased by $0.4 million in comparison to the quarter ended September 30, 2015. The decrease is primarily due to a $0.6 million decrease in exploration and evaluation expenditures, partially offset by a $0.1 million increase in wages, consulting and director's fees during the three month period ended December 31, 2015 as a result of accruing previously deferred compensation that was paid out in January 2016. Upon closing the sale of mineral rights to Premier in December 2015, which significantly improved Pure Gold's financial position, the Board elected to pay all the voluntarily deferred compensation of the Chief Executive Officer, Chief Financial Officer and directors. The decreased loss was also offset by a $0.1 million increase in share-based compensation expense, as the Company granted 3.5 million stock options in the quarter ended December 31, 2015, of which 1.7 million vested immediately while the remainder were subject to vesting restrictions. The Company recognized a large portion of shared-based compensation expense during the quarter as a result of those stock options which vested immediately. There were no options issued in the quarter ended September 30, 2015.

The Company's net loss and total comprehensive loss for the quarter ended September 30, 2015 decreased by $0.3 million in comparison to the quarter ended June 30, 2015. The decrease is primarily due to a decrease in exploration and evaluation expenditures and wages, consulting and director's fees during the three month period ended September 30, 2015. The Company concluded its summer exploration program in the quarter and in an effort to conserve cash resources curtailed staffing levels and certain remaining staff and the board of directors took voluntary salary reductions while exploration plans were developed and financing sourced.

The Company's net loss and total comprehensive loss for the quarter ended June 30, 2015 decreased by $0.4 million in comparison to the quarter ended March 31, 2015. A significant portion of the drill program which commenced in late February 2015 was completed by the quarter ended March 31, 2015. This resulted in higher exploration and evaluation expenditures during the quarter ended March 31, 2015 in comparison to the quarter ended June 30, 2015. Also, costs relating to professional fees and investor relations and communication decreased during the quarter ended June 30, 2015 thus contributing to the decreased net loss and comprehensive loss in comparison to the quarter ended March 31, 2015. The Company conducted less promotional activities during the quarter ended June 30, 2015 and incurred less professional fees. Increased professional fees during the quarter ended March 31, 2015 related directly to audit fees incurred for the annual audit of the Company's financial statements.

The Company's net loss and total comprehensive loss for the quarter ended March 31, 2015 remained consistent at $2.0 million when compared to the net loss and comprehensive loss for the quarter ended December 31, 2014. The Company began a 5,000 metre winter drill program in late February of 2015 and by March 31, 2015, the Company had completed 3,778 metres of drilling. Thus exploration activities and general and administrative activities remained consistent with that of the prior quarter.

The Company's net loss and total comprehensive loss for the quarter ended December 31, 2014 increased by $0.3 million when compared to the net loss and comprehensive loss for the quarter ended September 30, 2014 primarily due to an increase in exploration and evaluation expenditures of $0.5 million. The Company completed 3,675 metres of drilling during the quarter ended December 31, 2014. The increase in exploration and evaluation expenditures of $0.5 million was offset by a decrease in investor relations and communication of $0.2 million during the quarter ended December 31, 2014. During the prior quarter ended September 30, 2014, the Company incurred additional costs relating to investor relations and communication as it continued to advise the markets about the Company's new Madsen acquisition and new project focus.

The Company's net loss and total comprehensive loss for the quarter ended September 30, 2014 remained consistent at $1.6 million when compared to the net loss and comprehensive loss for the quarter ended June 30, 2014. During the quarter ended September 30, 2014, the Company did incur a $0.4 million increase in exploration and evaluation expenditures when compared to the quarter ended June 30, 2014 due to Phase 2 drilling at Madsen which commenced in mid-August. As of September 30, 2014 a total of 3,220 metres have been drilled in a total of 12 holes. Furthermore, the Company incurred a $0.1 million increase in investor relations and communication as the Company continues to advise the markets about the Company's new Madsen acquisition and new project focus. This increase was offset by a decrease in share-based compensation expense of $0.5 million. During the quarter ended June 30, 2014, the Company granted 4.7 million stock options of which 2.0 million vested immediately while the remainder were subject to vesting restrictions. The Company recognized a large portion of shared-based compensation expense during the quarter ended June 30, 2014 as a result of those stock options which vested immediately.

Fourth Quarter Results

During the quarter ended March 31, 2016, the Company incurred a loss of $1.4 million. The most significant items contributing to this loss were exploration and evaluation expenditures of $1.9 million; wages, consulting and director's fees of $0.2 million; and share-based compensation expense of $0.1 million. The Company began a 16,000 metre winter drill program in late January of 2016, which significantly increased the activity level of the Company. Prior to closing the sale of mineral rights for the Buffalo claims to Premier in late December 2015, the Company curtailed exploration and development activities at Madsen and reduced administrative expenses in an effort to conserve cash. Offsetting expenses for the quarter was the recognition of a $0.9 million income tax recovery on reversal of the portion of the flow-through premium liability related to incurred expenditures, as the Company renounced the qualifying exploration expenditures from the February 2015 financing in February 2016.

Liquidity and Capital Resources

As at the date of this MD&A, the Company has approximately $9.6 million in cash and short-term investments. The Company's working capital balance (defined as current assets less current liabilities) as at the date of this MD&A is approximately $10.8 million. There are no known restrictions on the ability of our subsidiary to transfer or return funds to the Company.

We have no revenue-producing operations, and earn only minimal income through investment income on treasury, amounts arising through various property option agreements and occasionally as a result of the disposal of an exploration asset. The Company is therefore reliant on public equity and debt markets to obtain financing to continue its operations. The current cash balance is sufficient to see the Company through its planned activities for calendar 2016.

We have not issued any dividends and management does not expect this will change in the near future.

Our budget, consisting of exploration, administration and environmental bonding requirements for the period May to December 2016, is approximately $10.1 million. During this period we anticipate spending approximately $9.1 million on Madsen and approximately $1.0 million on general and administrative costs which include wages and consulting fees, professional fees and those costs associated with running the Company's head office in Vancouver, during this time period. As a result of the Company closing a flow-through share financing in June 2016, the Company will not need to seek additional financing to complete its planned activities at Madsen for the following year.

In addition, additional financing could come in on the exercise of outstanding share purchase warrants. The share purchase warrants expire September 4, 2016 and as of the date of this MD&A are in the money.

Pure Gold manages and adjusts its capital structure based on available funds in order to support acquisition, exploration and development of mineral properties. The properties in which we currently have an interest in are in the exploration stage. Accordingly, we are dependent on external financing, including the proceeds of future equity issuances or debt financing, to fund our activities. Circumstances that could impair our ability to raise additional funds, or our ability to undertake transactions, are discussed in our AIF under the heading "Risk Factors". Although management has been successful in the past when raising additional financing, there can be no assurance they will be successful in the future.

Contractual Obligations

Mineral Properties

Pure Gold has no commitments for material capital expenditures as of March 31, 2016. All other active contracts are in the normal course for exploration work to be conducted at Madsen.

Management and Technical Services Agreement

The Company has entered into a Technical and Administrative Services Agreement (the "Oxygen Agreement") with Oxygen Capital Corp. ("Oxygen"), a private company of which a director and an officer of the Company are shareholders. Pursuant to the Oxygen Agreement, and without limiting or abrogating the duties of Pure Gold's President and Chief Executive Officer or its Chief Financial Officer and Corporate Secretary, Oxygen provides the Company:

- access to, and the use of the assets contained in, office space leased by Oxygen; and
- services, staff and expertise as determined necessary to properly and efficiently manage the assets, operations, business and administrative affairs of Pure Gold.

The Company pays Oxygen for the cost of management and technical services, including the wage allocations of employees seconded by Oxygen to the Company (plus tax and applicable benefits) at cost; There is no mark-up or additional direct charge to the Company from Oxygen under the Oxygen Agreement.

The Oxygen Agreement is intended to provide the Company with a number of technical and administrative services and access, on an as-needed basis, to Oxygen's roster of geologists, mining engineers, investor relations and financial and business development professionals that would not necessarily otherwise be available to Pure Gold at this stage of the Company's development.

The Oxygen Agreement is for an initial term of two years, and shall be automatically renewed from time to time thereafter for an a additional term of two years unless otherwise terminated. The Oxygen Agreement may be terminated by either party giving at least 180 days' prior written notice of such termination.

Leases

Winnipeg Site Office

Pursuant to a rental lease agreement dated February 29, 2012, the Company is committed to pay rent for office space in Winnipeg, Canada at approximately $3,000 per month ($36,000 annually). The lease expires on June 30, 2017. On November 14, 2012, the Company sub-leased this site office to a third party for the same rental cost (approximately $3,000 per month). The third party is bound by all the covenants, terms and conditions of the original rental lease agreement.

Madsen Vehicle Leases

In addition, the Company has signed two leases dated July 23, 2014 and July 31, 2014, respectively for the use of two pickup trucks to be used at the Madsen project. The two leases call for payments of $800 and $952 per month with the leases expiring on June 24, 2018 and June 30, 2018. The future minimum lease payments required under these lease agreements at March 31, 2016 are as follows:

		GMC Sierra 2500 HD		GMC Sierra 2500 HD
2016	$	7,205	$	8,567
2017	$	9,606	$	11,422
2018	$	4,803	$	5,711
Total	**$**	**21,614**	**$**	**25,700**

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as defined by NI 51-102 requirements as at March 31, 2016 or as at the date hereof.

Proposed Transactions

As is typical of the mineral exploration and development industry, we are continually reviewing potential merger, acquisition, investment and joint venture transactions and opportunities that could enhance shareholder value. We are also continually reviewing and discussing opportunities with third parties regarding the sale of non-strategic properties in our portfolio. There is no guarantee that any contemplated transaction will be concluded.

At present, there is no proposed asset or business acquisitions or dispositions before the Board for consideration.

Related Party Transactions

Transactions with related parties for goods and services are made on normal commercial terms and are considered to be at arm's length.

Oxygen Capital Corp ("Oxygen").

Oxygen is a private company partially owned by one director and one officer of the Company. Oxygen provides technical and administrative services to the Company at cost, including providing some staffing who are seconded to the Company, office facilities and other administrative functions. As at March 31, 2016, Oxygen holds a refundable deposit of $156,000 on behalf of the Company. During the fiscal year ended March 31, 2016, a total of $899,058 (March 31, 2015 - $875,962) was paid or accrued to Oxygen as a reimbursement of costs incurred by Oxygen on behalf of the Company. As of March 31, 2016, the Company held a payable amount to Oxygen of $59,465 (March 31, 2015 - $84,157). This amount was paid subsequent to March 31, 2016.

Compensation of Key Management Personnel

Key management includes members of the Board, the President and Chief Executive Officer, the VP of Exploration, the Chief Financial Officer, the Director of Investor Relations and the Corporate Secretary. The aggregate total compensation paid or payable to key management for employee services directly or via Oxygen is as follows:

Name	Nature of Compensation	Year ended March 31, 2016	Year ended March 31, 2015
President and Chief Executive Officer	Salary	$207,333	$204,000
Vice President of Exploration	Salary	$186,000	$179,850
Chief Financial Officer	Salary	$155,417	$77,917
Director, Investor Relations	Salary	$22,078	$64,750
Corporate Secretary	Salary	$7,585	$20,290
Directors	Directorship	$160,000	$160,000
Total		**$738,413**	**$706,807**

Share-based compensation issued to key management personnel during the fiscal year ended March 31, 2016 totaled $0.3 million (March 31, 2015 - $0.8 million). Share-based compensation is the fair value of options granted and vested to key management personnel. These amounts have not been included in the table above and should be considered as additional compensation.

Changes in Accounting Policies and New Pronouncements

The Company prepares its consolidated financial statements in accordance with IFRS and interpretations of the IFRS Interpretations Committee as issued by the IASB. The effects of the adoption of new and amended IFRS pronouncements effective April 1, 2015 are discussed below:

Adoption of New Accounting Policies or Amendment of Existing Accounting Policies

The following accounting policies were adopted or amended by the Company for the fiscal year ended March 31, 2016:

<u>IFRS 8 – Operating Segments</u>

IFRS 8, Operating segments, was amended to require (i) disclosure of judgements made by management in aggregating segments, and (ii) a reconciliation of segment assets to the entity's assets when segment assets are reported. The amendment had no significant impact on the Company.

<u>IAS 24 – Related Party Transactions</u>

IAS 24 – Related party transactions was amended to (i) revise the definition of "related party" to include an entity that provides key management personnel services to the reporting entity or its parent, and (ii) clarify related disclosure requirements. The amendment had no significant impact on the Company.

The IASB made certain amendments to IFRSs and IASs in both the Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle which were effective for annual periods beginning on or after July 1, 2014. The amendments did not have an impact on the Company's consolidated financial statements. The Company has not yet early adopted any other amendment, standard or interpretation that has been issued by the IASB but is not yet effective.

New, Amended and Future IFRS Pronouncements

In September 2014, the IASB issued the Annual Improvements 2012-2014 cycle, effective for annual periods beginning on or after January 1, 2016. The IASB also issued a number of narrow scope amendments to certain IFRSs and IASs which are effective for annual periods beginning on or after January 1, 2016. These amendments are not expected to have a significant impact on the Company's consolidated financial statements. Details of the amendments are as follows:

IFRS 9 – Financial Instruments

IFRS 9 – Financial Instruments addresses the classification, measurement and recognition of financial assets and financial liabilities. The July 2014 publication of IFRS 9 is the completed version of the Standard, replacing earlier versions of IFRS 9 and superseding the guidance relating to the classification and measurement of financial instruments in IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes a substantially reformed approach to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

IFRS 16 – Leases

IFRS 16 - Leases specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. The Company is currently evaluating the extent of the impact of the adoption of this standard on its consolidated financial statements.

IAS 1 – Presentation of financial statements

IAS 1, Presentation of financial statements has been amended to clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendments are effective for years beginning January 1, 2016, with early adoption permitted. The Company does not expect this amendment to have any impact upon adoption.

IAS 7 – Statement of Cash Flows

IAS 7- Statement of Cash Flows has been revised to require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments are effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. The Company does not expect this amendment to have any impact upon adoption.

IAS 12 – Income Taxes

IAS 12 - Income Taxes has been amended to clarify the accounting for deferred tax assets for unrealized losses on debt instruments. The revised standard is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. The Company does not expect this amendment to have any impact upon adoption.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and expenses. Estimates and judgments are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Further information on management's judgments, estimates and assumptions and how they impact the various accounting policies are described below and also in the relevant notes to the consolidated financial statements.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

i) Review of Asset Carrying Values and Impairment Assessment

In accordance with the Company's accounting policy, each asset is evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of the recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset is measured at the higher of value in use and fair value less costs to sell. The most significant assets the Company assesses for impairment are exploration and evaluation assets. Judgements involved in assessing impairment of exploration and evaluation assets are discussed below.

For the fiscal year ended March 31, 2015, the Company wrote-off $8,275 in property, plant and equipment.

ii) Exploration and Evaluation Assets and Expenditures

The application of the Company's accounting policy for exploration and evaluation assets and expenditures requires judgment to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

Resource exploration is a speculative business and involves a high degree of risk. There is no certainty that the expenditures made by the Company in the exploration of its property interests will result in discoveries of commercial quantities of minerals. Exploration for mineral deposits involves risks which even a combination of professional evaluation and management experience may not eliminate. Significant expenditures are required to locate and estimate ore reserves, and further the development of a property. Capital expenditures to bring a property to a commercial production stage are also significant. There is no assurance the Company has, or will have, commercially viable ore bodies and there is no assurance that the Company will be able to arrange sufficient financing to bring ore bodies into production.

For the fiscal years ended March 31, 2016 and 2015, there were no indicators of impairment on the Company's exploration and evaluation assets, or the Company's other assets.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its estimates and assumptions on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i) Exploration and Evaluation Assets and Expenditures

In addition to applying judgment to determine whether future economic benefits are likely to arise from the Company's exploration and evaluation assets or whether activities have not reached a stage that permits reasonable assessment of the existence of reserves, the Company has to apply a number of estimates and assumptions. The publication of a resource per National Instrument 43-101, Standards of Disclosure for Mineral Projects ("NI 43-101") technical report, is itself an estimation process that involves varying degrees of uncertainty depending on how the resources are classified (i.e. measured, indicated or inferred). The estimates directly impact when the Company defers exploration and evaluation assets. Any such estimates and assumptions may change as new information becomes available. If, after deferred acquisition costs are capitalized, information becomes available suggesting the recovery of such costs is unlikely, the relevant capitalized amount is written off in the consolidated statement of loss and comprehensive loss in the period when the information becomes available. Management believes that the estimates involving its exploration and evaluation assets and expenditures are reasonable.

ii) Determination of the Fair Value of Share-based Payments

The fair value of stock options granted and warrants issued is computed to determine the relevant charge to equity reserves and the consolidated statement of loss and comprehensive loss and related obligation as applicable. In order to compute this fair value, the Company uses the Black-Scholes option pricing model; this inherently requires management to make various estimates and assumptions in relation to the expected life of the award, expected volatility, risk-free rate and forfeiture rates. Changes in any of these inputs could cause a significant change in the stock-based compensation expense charged in the consolidated statement of loss and comprehensive loss and to equity reserves in a given period. Management believes that the estimates involving its share-based payments are reasonable.

iii) Decommissioning, Restoration and Similar Liabilities

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at the present value of discounted cash flows for the estimated liabilities.

Carrying value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration and similar liabilities that may occur upon decommissioning of certain of the Company's assets. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

Risks associated with financial instruments

We are exposed to a variety of financial instrument related risks. The Board provides oversight for our risk management processes. The type of risk exposure and the way in which such exposure is managed is explained as follows:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash, restricted cash, short-term investments and amounts receivable. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the maximum exposure to credit risk.

The Company deposits its cash, restricted cash and short-term investments with high credit quality major Canadian financial institutions as determined by ratings agencies. The Company does not invest in asset-backed deposits or investments and does not expect any credit losses.

To reduce credit risk, the Company regularly reviews the collectability of its amounts receivable and establishes an allowance based on its best estimate of potentially uncollectible amounts. The Company historically has not had difficulty collecting its amounts receivable.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company attempts to manage liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. At March 31, 2016, the Company had cash of $2.2 million (March 31, 2015 - $5.0 million) and short-term investments of $23,000 (March 31, 2015 - $1.5 million) to settle current liabilities of $1.4 million (March 31, 2015 - $1.8 million). As at March 31, 2016, the Company is committed to incur, on a best efforts basis, $0.2 million in qualifying resource expenditures relating to the February 2015 flow-through share financing.

On June 8, 2016, the Company sold 8,334,000 Flow-Through Common Shares at a price of $0.75 per share on a bought deal private placement basis (the "Offering"), for gross proceeds of $6.3 million. In consideration for their services, the underwriters received a cash commission equal to 6% of the gross proceeds of the Offering.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash, restricted cash and short-term investments include deposits which are at variable interest rates. For the year ended March 31, 2016, a plus or minus 0.5% change in market interest rates would affect the Company's interest earned on cash and short-term investments by approximately $27,000.

Fair Value Estimation

The carrying value of the Company's financial assets and liabilities approximates their estimated fair value.

Management of Capital

Pure Gold considers the items included in the consolidated statement of shareholders' equity as capital. Management of the Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

Pure Gold's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

Outstanding Share Data

Pure Gold's authorized capital is unlimited common shares without par value. As at June 17, 2016 the following common shares, stock options, share purchase warrants and compensation options were outstanding:

	# of Shares	Exercise Price	Expiry Date
Issued and Outstanding Common Shares	138,500,354	N/A	N/A
Stock Options	100,000 3,946,666 150,000 200,000 766,666 100,000 3,180,000 75,000 500,000	$0.20 $0.35 $0.32 $0.35 $0.28 $0.11 $0.11 $0.16 $0.63	February 25, 2018 April 8, 2019 May 13, 2019 February 10, 2020 March 19, 2020 December 3, 2020 December 11, 2020 February 18, 2021 May 26, 2016
Share Purchase Warrants	34,016,750	$0.50	September 4, 2016
Fully Diluted	181,535,436		

Industry and Economic Factors That May Affect Our Business

Economic and industry risk factors that may affect our business, in particular those that could affect our liquidity and capital resources, are as described under the heading "Risk Factors" in our AIF, available on the Company's SEDAR profile at www.sedar.com. In particular, there are currently significant uncertainties in capital markets impacting the availability of equity financing for the purposes of mineral exploration and development. There are also significant uncertainties relating to the global economy, increased volatility and a general decline in the prices of gold and other precious which impact our business and may impact our ability to remain a going concern.

More specifically, while the ongoing decreases in the price of gold and continued uncertainties in capital markets do not have a direct impact on the Company's ability to carry out exploration, the Company may be impacted should it become more difficult to gain access to capital (e.g. debt or equity financing for the purposes of mineral exploration and development) when and if needed, and may need to modify or curtail its exploration and development programs. Difficulty in accessing capital on favourable terms may limit the Company's ability to develop and/or further explore the mineral properties in which we have an interest

The specific risks noted in our AIF and others in particular relating to permitting for operations and first nations consultation and approvals, may limit the Company's ability to develop and/or further explore its mineral property interests.

Additional Disclosure for Venture Issuers Without Significant Revenue

Additional disclosure concerning Pure Gold's general and administrative expenses and exploration and evaluation expenses is provided in the Company's Statements of Loss and Comprehensive Loss contained in its Annual Financial Statements for the fiscal years ended March 31, 2016 and 2015 which are all available on Pure Gold's website at www.puregoldmining.ca or on its profile on SEDAR at www.sedar.com.

Legal Matters

Pure Gold is not currently, and has not at any time during our most recently completed financial year, been party to, nor has any of its property interests been the subject of, any material legal proceedings or regulatory actions.

Management's Responsibility for the Financial Statements

The preparation and presentation of the accompanying financial statements, MD&A and all financial information in the financial statements are the responsibility of management and have been approved by the Board of Directors following the report and recommendation of the Audit Committee. The financial statements have been prepared in accordance with IFRS. Financial statements by nature are not precise since they include amounts based upon estimates and judgments. When alternative treatments exist, management has chosen those it deems to be the most appropriate in the circumstances.

Subsequent Events Not Otherwise Described Herein

The following items of significance occurred after March 31, 2016:

- **a.** A total of 4,146,500 share purchase warrants with an exercise price of $0.50 per share were exercised for total proceeds of $2.1 million.

- **b.** A total of 250,000 incentive stock options with strike prices ranging from $0.28 - $0.35 were exercised for total proceeds of $0.1 million. In addition, 58,334 incentive stock options with a strike price of $0.35, 33,334 incentive stock options with a strike price of $0.28, and 200,000 incentive stock options with a strike price of $0.11 were forfeited. The share-based compensation expense related to these options will be reversed in fiscal 2017.

- **c.** On May 20, 2016 the Company completed the sale of certain surface rights to Premier Gold and received a further $0.5 million in sales proceeds.

- **d.** On May 26, 2016, the Company granted incentive stock options to its employees exercisable to purchase up to 500,000 common shares in the capital of the Company until May 26, 2021 at an exercise price of $0.63 per share.

- **e.** On June 8, 2016, the Company sold 8,334,000 flow-through common shares at a price of $0.75 per share on a bought deal private placement basis (the "Offering"), for gross proceeds of $6.3 million. In consideration for their services, the underwriters received a cash commission equal to 6% of the gross proceeds of the Offering.

Controls and Procedures

In connection with NI 52-109, the CEO and CFO of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the Annual Financial Statements and respective accompanying MD&A as at March 31, 2016 (together the "Annual Filings").

In contrast to the certificate under NI 52-109, the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR at www.sedar.com.

Disclosure Controls and Procedures and Internal Controls Over Financial Reporting

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with IFRS.

Venture Issuer companies are not required to provide representations in the annual filings relating to the establishment and maintenance of DC&P and ICFR, as defined in NI 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, Annual filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's IFRS. The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a Venture Issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Scientific and Technical Disclosure

With the exception of Madsen, the Company's exploration projects and those in which we have an interest are early stage and do not contain any mineral resource estimates as defined by NI 43-101.

Unless otherwise indicated, Pure Gold has prepared the technical information in this MD&A ("**Technical Information**") based on information contained in the following technical reports:

- "Technical Report on the Preliminary Economic Assessment For the Madsen Gold Project" effective April 20, 2016 and signed June 3, 2016, filed under the Company's profile on SEDAR at www.sedar.com (the "**Madsen Technical Report**").

Technical Information was also based on information contained in news releases (collectively the "Disclosure Documents") available under Pure Gold's company profile on SEDAR at www.sedar.com. The Disclosure Documents are each intended to be read as a whole, and sections should not be read or relied upon out of context. The Technical Information is subject to the assumptions and qualifications contained in the Disclosure Documents.

Our Disclosure Documents were prepared by or under the supervision of an independent Qualified Person ("QP"). Readers are encouraged to review the full text of the Disclosure Documents which qualifies the Technical Information. Readers are advised that mineral resources that are not mineral reserves do not have demonstrated economic viability.

Mineral resource estimates relating to Madsen are only estimates and no assurance can be given that any particular level of recovery of minerals will be realized or that an identified resource will ever qualify as a commercially mineable or viable deposit which can be legally and economically exploited. In addition, the grade of mineralization ultimately mined at Madsen may differ from the one indicated by drilling results and the difference may be material. Although there has been no economic analysis summarized in this MD&A relating to the Madsen Technical Report, readers are cautioned that the Madsen Technical Report is preliminary in nature and includes inferred and indicated mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that this will indeed occur. Further studies, including engineering and economics, are required (typically as a Pre-Feasibility Study) with regards to infrastructure and operational methodologies. Additional disclosure and cautionary notes relating to Madsen are summarized in our AIF, available on Pure Gold's SEDAR profile at www.sedar.com.

Phillip Smerchanski, P.Geo, Pure Gold's VP of Exploration, is the Company's QP for the purposes of NI 43-101, and has reviewed and validated that the scientific or technical information contained in this MD&A related to the Madsen Technical Report, is consistent with that provided by the QPs responsible for preparing the Madsen Technical Report, and has verified the technical data disclosed in this document relating to those projects in which the Company holds an interest. Mr. Smerchanski has consented to the inclusion of the Technical Information in the form and context in which it appears in this MD&A.

Cautionary Notes Regarding Forward-Looking Statements

This MD&A, contains "forward-looking information" and "forward-looking statements" within the meaning of applicable securities laws, which include, but are not limited to, statements or information concerning, future financial or operating performance of Pure Gold and its business, operations, properties and the future price of gold, and silver and other metal prices, the potential quantity and/or grade of minerals, the potential size of a mineralized zone or potential expansion of mineralization, proposed exploration and development of Pure Gold's exploration property interests, the timing and amount of estimated future production, costs of production and mine life of the various mineral projects of Pure Gold, the interpretation and actual results of historical production at certain of our exploration properties, as well as specific historic data associated with and drill results from those properties, and the reliance on technical information provided by our joint arrangement partners or other third parties; the timing and amount of estimated capital, operating and exploration expenditures, costs and timing of the development of new deposits and of future exploration, acquisition and development activities, estimated exploration budgets and timing of expenditures and community relations activities, requirements for additional capital; completion of expenditure obligations under an option agreement and earn-in agreements to which the Company is a party; government regulation of mining operations, environmental risks and reclamation expenses, title disputes, the ability to maintain exploration licences for its properties in accordance with the requirements of applicable mining laws in Canada; government regulation of exploration and mining operations; environmental risks, including satisfaction of requirements relating to the submissions and successful defence of EIA reports and other claims or existing, pending or threatened litigation or other proceedings, limitations of insurance coverage, future issuances of Common Shares to satisfy earn-in obligations or the acquisition of exploration properties and the timing and possible outcome of regulatory and permitting matters and any other statement that may predict, forecast, indicate or imply future plans, intentions, levels of activity, results, performance or achievements, and involve known and unknown risks, uncertainties and other factors which may cause the actual plans, intentions, activities, results, performance or achievements of Pure Gold to be materially different from any future plans, intentions, activities, results, performance or achievements expressed or implied by such forward-looking statements and information. Except for statements of historical fact, information contained herein or incorporated by reference herein constitutes forward-looking statements and forward-looking information. Often, but not always, forward-looking statements and forward-looking information can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, “will”, “projects”, or “believes” or variations (including negative variations) of such words and phrases, or statements that certain actions, events, results or conditions “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved.

Statements relating to mineral reserves and resources are deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the mineral reserves and resources described exist in the quantities predicted or estimated and may be profitably produced in the future. Estimated values of future net revenue do not represent fair market value. There is no certainty that it will be commercially viable to produce any portion of the resources.

Forward-looking statements and forward-looking information are not guarantees of future performance and are based upon a number of estimates and assumptions of management at the date the statements are made including among other things, assumptions about future prices of gold, copper, silver, molybdenum and other metal prices, changes in the worldwide price of other commodities such as coal, fuel and electricity fluctuations in resource 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 and mineral reserves, successful resolution of the challenges to the EIAs described in this MD&A, if any, anticipated costs and expenditures and our ability to achieve our goals. While we consider these assumptions to be reasonable, the assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks and uncertainties, contingencies and other factors that could cause actual performance, achievements, actions, events, results or conditions to be materially different from those projected in the forward-looking statements and forward-looking information. 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.

Furthermore, such forward-looking statements and forward-looking information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or forward-looking information. Such factors include, among others: general business, economic, competitive, political, regulatory and social uncertainties; disruptions or changes in the credit or securities markets and market fluctuations in prices for Pure Gold’s securities; judgement of management when exercising discretion in their use of proceeds from a financing; potential dilution of Common Share voting power or earnings per share as a result of the exercise of Options, future financings or future acquisitions financed by the issuance of equity; discrepancies between actual and estimated mineral reserves and resources; the Company is an exploration and development stage company with no history of pre-tax profit and no income from its operations and there can be no assurance that the Company’s operations will be profitable in the future; changes in project parameters as plans continue to be refined; changes in labour costs or other costs of production; possible variations of mineral grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry, including but not limited to environmental risks and hazards, cave-ins, pitwall failures, flooding, rock bursts and other acts of God or natural disasters or unfavourable operating conditions and losses; political instability, hostilities, insurrection or acts of war or terrorism; the speculative nature of mineral exploration and development, including the risk of diminishing quantities or grades of mineralization; Pure Gold's ability to renew existing licences and permits or obtain required licences and permits; changes in government legislation and regulation; fluctuations in commodity prices; requirements for future funding to satisfy contractual obligations and additional capital needs generally; changes or disruptions in market conditions; market price volatility; the Company currently has a shareholder with greater than 10% holdings; uncertainties associated with minority interests and joint venture operations; risks associated with the Company's indemnified liabilities; increased infrastructure and/or operating costs; reclamation costs; the Company has limited operating history and no history of earnings; reliance on a finite number of properties; limits of insurance coverage and uninsurable risk; contests over title to properties; environmental risks and hazards; limitations on the use of community water sources; the need to obtain and maintain licences and permits and comply with laws and regulations or other regulatory requirements; competitive conditions in mineral exploration and mining business; the ability of the Company to retain its key management employees and shortages of skilled personnel and contractors; potential acquisitions and their integration with the Company's current business; influence of third party stakeholders; risks of litigation; the Company's system of internal controls; conflicts of interest; credit and/or liquidity risks; changes to the Company's dividend policy; the risks involved in the exploration, development and mining business generally; and the factors discussed in the section entitled "Risk Factors" in our AIF available on Pure Gold's SEDAR profile at www.sedar.com. Although we have attempted to identify important factors that could cause actual performance, achievements, actions, events, results or conditions to differ materially from those described in forward looking statements or forward-looking information, there may be other factors that cause performance, achievements, actions, events, results or conditions to differ from those anticipated, estimated or intended.

Forward-looking statements and forward-looking information contained herein are made as of the date of this MD&A and we disclaim any obligation to update or revise any forward-looking statements or forward-looking information, whether as a result of new information, future events or results or otherwise, except as required by applicable law. There can be no assurance that forward-looking statements or forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements or forward-looking information. All forward-looking statements and forward-looking information attributable to us is expressly qualified by these cautionary 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, except as required by applicable law. Readers should not place undue reliance on forward-looking information.

Approval

The Board of Directors of Pure Gold have approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

Additional Information

Additional information relating to Pure Gold can be obtained on the SEDAR website at www.sedar.com or by contacting:

Pure Gold Mining Inc.
Attention: Darin Labrenz, President and Chief Executive Officer
Suite 1900 - 1055 West Hastings Street
Vancouver, BC, Canada V6E 2E9
Tel: (604) 646-8000
Fax: (604) 632-4678
Website: www.puregoldmining.ca
Email: info@puregoldmining.ca

PURE GOLD MINING INC.

/s/ "Darin Labrenz"
Darin Labrenz
President and Chief Executive Officer

PURE GOLD MINING INC.

/s/ "Sean Tetzlaff"
Sean Tetzlaff
Chief Financial Officer