



Pure Gold Mining Inc.

(An Exploration Stage Company)

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the nine months ended December 31, 2014

Pure Gold Mining Inc.
Management's Discussion and Analysis
For the three and nine months ended December 31, 2014

This Management's Discussion and Analysis (the "MD&A"), dated as of February 11, 2015, is for the nine months ended December 31, 2014 and should be read in conjunction with the unaudited condensed interim consolidated financial statements as at and for the three and nine month periods ended December 31, 2014 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 "Interim Financial Statements") and our other corporate filings including our Annual Information Form for the year ended March 31, 2014 dated July 4, 2014 (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 written disclosure of technical information in this MD&A has been approved by Darren O'Brien, 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 Third Quarter and Significant Subsequent Events

- Completed calendar 2014 drill program at Madsen

The Company completed its calendar 2014 drill program at Madsen with a total of 6,895 metres drilled in 26 exploration drill holes. See Press releases dated October 23 and 29, 2014 and January 8, 2015 for all assay results from drilling received during and subsequent to the third quarter. Highlights of the drill results received are as follows:

- 7.0 g/t gold over 9.0 metres including 26.6 g/t gold over 2.0 metres in hole PG14-024; and
- 15.5 g/t gold over 1.0 metres from hole PG14-014; and
- 17.2 g/t gold over 3.5 metres including 33.80 g/t gold over 1.6 metres from hole PG14-011; and
- 14.6g/t gold over 1.8 metres including 22.5 g/t gold over 1.0 metres from hole PG14-006

- 2015 Winter drill program commences

Structural and alteration mapping, soil and rock geochemical sampling and geologic interpretation have significantly advanced priority target areas to drill-ready status. At the Russet South target, located approximately 1,400 metres west of the Madsen shaft and 1,600 metres up-dip of the high-grade Madsen 8 Zone resource, several zones of strong alteration have been identified in surface outcrop where they are associated with intense shearing through the hinge of folded ultramafic stratigraphy.

At the Fork Zone, recently completed MMI[™] soil sampling has returned geochemical anomalism south of recent drilling by the Company, supporting the potential for down plunge extensions to previously reported high-grade intercepts. Modelling and interpretation of Pure Gold drilling in conjunction with re-logging of historic drilling in the area has been utilized to develop targets for follow-up drilling.

The Company anticipates drilling both the Russet South and Fork Zone targets during the winter drill program which commenced in late January 2015.

- **\$5.3 Million Bought-Deal Private Placement**

On February 9, 2015, Pure Gold entered into an agreement with a syndicate of underwriters, whereby the underwriters on a bought-deal private placement basis will purchase for their own account or arrange for substituted purchasers to purchase 12,857,143 flow-through common shares (the “Flow-Through Shares”) and 2,857,143 common shares (the “Common Shares”) from Pure Gold at a price of \$0.35 per Flow-Through Share and \$0.28 per Common Share, for aggregate gross proceeds to Pure Gold of \$5,300,000 (the “Offering”).

The underwriters shall also have the option (the “Underwriters’ Option”) to purchase from Pure Gold up to an additional 25% of the number of Flow-Through Shares and up to an additional 25% of the number of Common Shares sold pursuant to the Offering.

In consideration for their services, the underwriters will receive a cash commission equal to 6% of the gross proceeds of the Offering, including any proceeds realized on exercise of the Underwriters’ Option. In addition, Pure Gold has agreed to pay an Advisory and Finder’s Fee to a third party totaling \$250,000, to be paid in Common Shares of the Company at a deemed price per share of \$0.28.

The Offering is expected to close on or about February 20, 2015, subject to regulatory approvals including approval of the TSX-V.

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 5,000 hectares in the prolific Red Lake gold camp of Northwestern Ontario, and hosts two former gold producers including the Madsen Gold Mine which had previous gold production of 2.4 million ounces. In addition to the historic production and the NI 43-101 compliant mineral resource, Madsen has strong upside exploration potential.

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, the Bruce Channel deposit downplunge of Cochenour and the F2 deposit at Rubicon’s Phoenix Mine. Opportunity exists to apply modern science to the Madsen Mine Trend, where substantive production ceased in 1974. The Company’s 8 Zone, 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 the 8 Zone target projected to surface. 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 resources may be defined in the near term with additional geological studies and drilling. Some additional examples of exploration targets discovered post mine closure include the Fork Zone, Treasure Box, and Buffalo.

Pure Gold will continue to advance many of these exploration targets with the goal of defining further mineral resources. For the next few months, Pure Gold will focus its efforts drilling the Russet South and Fork Zone targets, located on the 10 km-long ultramafic contact zone with an objective of making a new high grade discovery.

For calendar 2015, the Company has proposed an exploration budget of \$4.2 million which will include up to 8,000 metres of drilling. A total of 5,000 metres of drilling is planned for February through April 2015.

Overall Performance

Exploration Projects

Cumulative spending on the Company's exploration projects as of December 31, 2014 is as follows:

	Acquisition Costs	Exploration Expenditures	Total As at December 31, 2014	Approved Exploration Budget January 2015 to December 2015
Madsen, Red Lake, Ontario	\$ 10.9 million ⁽¹⁾	\$ 3.4 million	\$ 14.3 million	\$ 4.2 million ⁽³⁾
Other Properties, Canada	-	7.9 million ⁽²⁾	7.9 million	-
Total	\$ 10.9 million	\$ 11.3 million	\$ 22.2 million	\$ 4.2 million

⁽¹⁾ The acquisition cost of Newman-Madsen has been added to the original \$7.0 million of acquisition costs for Madsen as the two properties have been combined to form one project.

⁽²⁾ The Company incurred \$37,773 of this balance during the nine months ended December 31, 2014. This amount was offset by \$161,511 as the Company received a refundable mineral exploration tax credit for eligible exploration and evaluation expenditures incurred in the Province of Quebec relating to the Antofagasta Alliance.

⁽³⁾ At the discretion of the Board of Directors of Pure Gold, the approved exploration budget may increase or decrease depending on a review of the results obtained throughout the exploration program.

Madsen Gold Project, Red Lake, Ontario

On March 4, 2014, the Company acquired 100% interest in Madsen from Claude Resources Inc. (“**Claude**”). The total cost of the Madsen acquisition has been allocated in the consolidated financial statements as follows:

Cash consideration paid	\$ 8,750,000
Share consideration paid (9,776,885 Common Shares)	2,102,031
Transaction costs	1,308,145
Total Purchase Consideration – Madsen	\$ 12,160,176
Exploration and evaluation assets	\$ 8,686,289
Property, plant and equipment	5,794,125
Provision for closure and reclamation	(2,320,238)
Net Assets Acquired – Madsen	\$ 12,160,176

On June 24, 2014, the Company successfully completed the acquisition of the Newman-Madsen property from Sabina Gold & Silver Corp (“**Sabina**”). The total cost of the Newman-Madsen acquisition has been allocated in the consolidated financial statements as follows:

Share consideration paid (6,500,000 Common Shares)	\$ 2,730,000
Transaction costs	50,292
Total Purchase Consideration - Newman-Madsen	\$ 2,780,292
Exploration and evaluation assets	\$ 2,138,304
Property, plant and equipment	641,988
Net Assets Acquired - Newman-Madsen	\$ 2,780,292

Madsen (following the acquisition of Newman-Madsen) comprises 278 mining claims (predominantly patented) covering an area of 5,249 hectares and includes accompanying surface rights in the prolific Red Lake gold camp of Northwestern Ontario. Madsen hosts two former gold producers including the Madsen Gold Mine.

The Madsen Gold 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 gold¹.

In 2009, SRK Consulting Inc. was contracted by Claude to calculate a maiden mineral resource for the Madsen Gold Mine. SRK compiled a geological database consisting of 13,624 boreholes (816,867 metres) drilled between 1936 and 2009, and 4,446 historical underground stope chip samples. Using this database SRK estimated an Indicated and Inferred mineral resource for four mineralized zones accessible from the underground mine workings. In 2014, Pure Gold contracted SRK to review the mineral resource and update the NI43-101 technical report. SRK was of the opinion that post-2009 exploration work and the Newman-Madsen transaction did not materially impact the mineral resource. The mineral resource statement for the Madsen Gold Mine with an effective date of February 18, 2014, is listed in Table 1.

Table 1: Consolidated Mineral Resource Statement * for Madsen Gold Project, Ontario

Resource Class	Zone	Tonnes	Grade (g/tonne)	Grade (oz/ton)	Contained Gold (oz)
Indicated	Austin	1,677,000	7.92	0.23	427,000
	South Austin	850,000	9.32	0.27	254,000
	McVeigh	374,000	9.59	0.28	115,000
	Zone 8	335,000	12.21	0.36	132,000
	Total	3,236,000	8.93	0.26	928,000
Inferred	Austin	108,000	6.30	0.18	22,000
	South Austin	259,000	8.45	0.25	70,000
	McVeigh	104,000	6.11	0.18	20,000
	Zone 8	317,000	18.14	0.53	185,000
	Total	788,000	11.74	0.34	297,000

* 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. 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 "Technical Report for the Madsen Gold Project, Red Lake, Ontario, Canada" with an effective date of February 18, 2014, which can be found on Pure Gold's profile on SEDAR at www.sedar.com.

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.

The second former gold producer on the Madsen property is the historic Starratt-Olsen Mine. A 450 metre shaft was sunk 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. The Starratt-Olsen Mine does not have a current mineral resource. Only limited modern day exploration has been conducted near the mine workings.

¹ (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 "Technical Report for the Madsen Gold Project, Red Lake, Ontario, Canada" with an effective date of February 18, 2014, which can be found on Pure Gold's profile on SEDAR at www.sedar.com.

In addition to the historic production and the mineral resource, management believes Madsen has significant upside exploration potential. A new interpretation of the role of folded ultramafic contacts and structural controls have resulted in multiple recent discoveries in the district, including Goldcorp's High Grade Zone at the Red Lake Mine Complex, the Bruce Channel system at the Cochenour Mine, and the F2 Gold System at Rubicon's Phoenix Mine. Pure Gold believes that opportunity exists to apply modern exploration science and a new understanding of the district to achieve similar success along the 10 km-long ultramafic contact at Madsen.

Madsen's Zone 8, 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 10 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 12 km-long Madsen Mine trend and the 10 km-long ultramafic contact.

Since acquiring Madsen in March 2014, the Company has embarked on a comprehensive exploration program which included consolidating historic archives from former operators into a common digital platform. The work conducted to date includes:

- Conducting a high resolution airborne magnetic survey covering the entire +50 km² Madsen Gold Project;
- Defining sampling and assaying protocols suitable for Red Lake coarse gold;
- Prioritizing near surface drill targets designed to expand the current mineral resource;
- Developing new predictive vectoring tools for targeting high-grade, 8 Zone-style mineralization; and,
- Developing a geological "footprint" 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.

In addition Pure Gold commenced a footprint modeling program designed to create stratigraphic, structural, and alteration models for the Madsen property utilizing the +200,000 metres of drill core available at the mine's core farm. The overall objective of the modeling exercise is to define structural controls and alteration vectors ("footprints") associated with gold mineralization using ultra-trace geochemistry, magnetic susceptibility, Terraspec (ASD) and XRF technologies ("lithochemical sampling"). This footprint modeling technique has proven successful at recent Red Lake discoveries and will be utilized when drill targeting 8 Zone-style mineralization.

Concurrent with the re-logging of some historic drill core and modeling, geologists have sampled mineralized zones for gold analysis as a check sampling exercise.

CGG Canada Services Ltd. completed a 1,653 line-kilometre, helicopter-borne geophysics survey. The MIDAS high resolution magnetic survey is designed from a base layer in property-scale exploration programs. Results have been utilized by Pure Gold's exploration team in constructing a lithology-structural framework for the property and delineating lithological, alteration, and structural controls on gold mineralization. Interpretations are being incorporated in the exploration targeting process.

Mapping of the unconformity has been completed over the entire length of the Madsen property and mapping of the approximately 10km long ultramafic contact is ongoing. An initial view of structural controls on mineralization at Madsen has also been completed with structural models for the Fork Zone and Treasure Box area targets having been completed.

As at December 31, 2014, Pure Gold had completed a total of 6,895 metres of drilling from 26 exploration drill holes and has been successful in discovering high-grade mineralization in the Fork Zone, McVeigh Ramp and Austin target areas (see news releases dated October 23 and October 29, 2014 and January 8, 2015 for results of drilling). All drilling in 2014 was conducted utilizing oriented core to help identify structural and stratigraphic controls on mineralization.

The original Phase 2 exploration plan called for 9,000 metres of drilling. To allow for winter freeze up which would provide easier access to drilling planned at Russet South, it was decided to pause the program and re-commence drilling in early 2015. The additional 2,105 metres planned have been rolled into the calendar 2015 exploration program as discussed below.

As of December 31, 2014, the Company has spent approximately \$3.4 million exploring Madsen.

The calendar 2015 exploration program is planned to include up to 8,000 meters drilling targeting the prospective Russet South and the Fork zone ultramafic contact targets. Drills will be mobilized to Russet South in late January with drilling. A total of 5,000 metres drilling is planned for February – April 2015. The projected total cost of the calendar 2015 exploration program is \$4.2 million. Upon successful completion of the February 2015 bought-deal financing, the Company will have sufficient funds to meet its calendar 2015 operating objectives.

Other Mineral Property Interests

The Company spent \$37,773 exploring its other mineral property interests during the nine months ended December 31, 2014. This amount was offset by \$161,511 as the Company received a refundable mineral exploration tax credit for eligible exploration and evaluation expenditures incurred in the Province of Quebec relating to the Antofagasta Alliance. The Company's focus is now on 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, 2014 for a description of the Company's Other Mineral Interests.

During the quarter the Company and Antofagasta Minerals S.A ("Antofagasta") officially terminated the Antofagasta alliance. The Company has no further obligations or commitments with respect to the alliance going forward.

Selected Financial Information

Management is responsible for the Interim Financial Statements referred to in this MD&A, and provides officers' disclosure certifications filed with the Canadian provincial securities commissions. The Audit Committee of the Company's Board of Directors (the "Board") has been delegated the responsibility to review and approve the Interim Financial Statements and MD&A.

The Interim Financial Statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*, and should be read in conjunction with Pure Gold's audited consolidated financial statements for the year ended March 31, 2014 (the "Annual Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Our significant accounting policies are presented in Note 3 of the Annual Financial Statements. 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, 2014, 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 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 December 31, 2014, 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 condensed interim consolidated financial statements for the three and nine month periods ended December 31, 2014 and 2013, respectively:

	Three Months		Nine months	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Total revenue	\$ -	\$ -	\$ -	\$ -
Net loss for the period attributable to shareholders	\$ 2.0 million	\$ 0.1 million	\$ 5.2 million	\$ 0.3 million
Basic and diluted loss per share	\$ (0.02)	\$ (0.02)	\$ (0.05)	\$ (0.04)

Three and nine months ended December 31, 2014 vs. three and nine months ended December 31, 2013

Losses from operations totalled \$2.0 million and \$5.3 million for the three and nine months ended December 31, 2014 compared to \$0.1 million and \$0.4 million for the same periods in the prior year. The most significant contributors to the loss for the three and nine month period ended December 31, 2014 were (i) exploration and evaluation expenditures of \$1.5 million and \$3.1 million, (ii) non-cash share-based compensation expense of \$0.1 million and \$0.8 million, (iii) wages, consulting and directors fees of \$0.2 million and \$0.6 million, (iv) investor relations and communication expenditures of \$48,576 and \$0.4 million, and (v) office and rent expenditures of \$0.1 million and \$0.2 million.

The most significant contributors to the loss for the three and nine months ended December 31, 2013 respectively were (i) wages, consulting and directors fees of \$0.1 million and \$0.3 million, (ii) professional fees of \$32,124 and \$32,807 and (iii) office and rent expenditures of \$19,858 and \$0.1 million.

Exploration and evaluation expenditures totalled \$1.5 million and \$3.1 million for the three and nine months ended December 31, 2014, an increase of \$1.5 million and \$3.1 million respectively, compared to \$1,287 and \$7,976 for the same periods 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 for the current year compared to the same periods in 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 three and nine month periods ended December 31, 2014, 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 alliance. This amount has been recorded as an offset to exploration and evaluation expenditures.

Share-based compensation expense for the three and nine months ended December 31, 2014 totalled \$0.1 million and \$0.8 million respectively, compared to \$nil and \$285 for the same periods in 2013. The increase in share-based compensation expenses is a direct result of the granting of 4,680,000 stock options to new directors and new and existing employees during the first 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 three or nine month period ended December 31, 2013.

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 stock-based compensation granted to employees and non-employees, management makes significant assumptions and estimates. These estimates have an effect on the share-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.

Wages, consulting and director fees increased by \$0.1 million and \$0.3 million respectively to \$0.2 million and \$0.6 million for the three and nine month periods ended December 31, 2014 compared to \$0.1 million and \$0.3 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 2013, activity levels were minimized as the Company focussed its efforts on acquiring a new transformative project.

Investor relations and communication expenses totaled \$48,576 and \$0.4 million for the three and nine months ended December 31, 2014 compared to \$910 and \$910 for the same periods in the prior year. The increase in investor relations and communication expenses for the current periods is due to the Company incurring 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 advise the markets about the Company's new Madsen acquisition and new project focus. In fiscal 2014, activity levels were minimized as the Company focussed its efforts on acquiring a new transformative project.

Office and rent expense increased by \$0.1 million and \$0.2 million for the three and nine month periods ended December 31, 2014 to \$0.1 million and \$0.2 million respectively compared to \$19,858 and \$0.1 million for the same periods 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 Interim Financial Statements as at December 31, 2014 and our annual audited consolidated financial statements as at March 31, 2014.

	As at December 31, 2014	As at March 31, 2014
Total assets	\$ 22.3 million	\$ 25.2 million
Current liabilities	\$ 0.2 million	\$ 3.2 million
Non-current liabilities	\$ 2.5 million	\$ 2.3 million
Cash dividends declared	\$ -	\$ -

Total assets decreased by \$2.9 million as at December 31, 2014 in comparison to March 31, 2014. The decrease in total assets resulted from cash operating expenditures totalling \$4.5 million, property, plant and equipment acquired of \$0.2 million and from the \$2.5 million final cash payment made to Claude in August 2014 for the final amount owing on the Madsen acquisition, all of which reduced cash on the Statement of Financial Position. The decrease in total assets was offset by cash received on the exercise of compensation options and underlying warrants and from the exercise of stock options totalling \$1.5 million and the acquisition of the Newman-Madsen property for \$2.8 million in common shares of the Company.

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.

At December 31, 2014, our current liabilities consist of (i) trade accounts payable and accrued liabilities of \$0.2 million (March 31, 2014 – \$0.6 million); and (ii) mineral property funding obligations related to our Antofagasta Alliance Agreement of \$Nil (March 31, 2014 - \$0.1 million).

At December 31, 2014 and March 31, 2014, our non-current liabilities consist of a provision for closure and reclamation costs with respect to future reclamation work to be performed on our Madsen Gold Project totalling \$2.5 million (March 31, 2014 - \$2.3 million). The increase of \$0.2 million during the nine month period December 31, 2014 in comparison to March 31, 2014 was due to a combination of a change in estimate relating to the discount rate used in calculating the present value of the future reclamation obligation and accretion as a result of the normal passage of time.

Shareholders' Equity

The Company issued Common Shares as follows during the nine months ended December 31, 2014:

<u>Date</u>	<u>Common Shares</u>
June 24, 2014	6,500,000 – common shares issued to Sabina as share consideration for Newman-Madsen.
June 30, 2014	162,000 – exercised warrants.
June 30, 2014	15,000 – exercised stock options.
July 7, 2014	30,000 – exercised stock options.
August 6, 2014	20,000 – exercised stock options.
August 11, 2014	10,000 – exercised stock options.
August 11, 2014	2,899,533 – exercised compensation options.
August 29, 2014	1,449,767 – exercised warrants.

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

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Summary of Quarterly Results

The following information is prepared in accordance with IFRS and is derived from and 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”.

	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013	June 30, 2013	March 31, 2013
Total revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loss from operations	(\$1,966,490)	(\$1,658,249)	(\$1,632,237)	(\$775,322)	(\$149,922)	(\$104,510)	(\$122,642)	(\$949,950)
Net loss and comprehensive loss	(\$1,962,672)	(\$1,644,426)	(\$1,613,854)	(\$768,155)	(\$142,490)	(\$82,598)	(\$104,869)	(\$764,074)
Basic and diluted loss per share	(\$0.02)	(\$0.02)	(\$0.02)	(\$0.02)	(\$0.02)	(\$0.01)	(\$0.01)	(\$0.09)

- The Company’s net loss and 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 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 the Madsen Gold Project 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 share-based compensation expense during the quarter ended June 30, 2014 as a result of those stock options which vested immediately.
- The Company’s net loss and comprehensive loss for the quarter ended June 30, 2014 increased by \$0.8 million when compared to the net loss and comprehensive loss for the quarter ended March 31, 2014 primarily due to a \$0.6 million increase in share-based compensation expense related to director and employee stock option grants, an increase of \$47,112 relating to wages, consulting and director fees due to increased staffing levels, an increase of \$0.1 million in investor relations and communication due to the Company incurring 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 an increase in exploration and evaluation expenditures of \$0.4 million due to the ramp up of the Phase 1 exploration program at Madsen which had only just started in March 2014. The overall increase in expenses for the quarter ended June 30, 2014 compared to the quarter ended March 31, 2014 was offset by the de-recognition of the acquisition costs for the Van Horne property of \$0.3 million in the quarter ended March 31, 2014.

- The Company's net loss and comprehensive loss for the quarter ended March 31, 2014 increased by \$0.6 million when compared to the net loss and comprehensive loss for the quarter ended December 31, 2013 of \$0.1 million primarily due to the write-off of acquisition costs of \$0.3 million for the Company's Van Horne property along with an accrual for increased audit fees with respect to the Company's annual audit for the fiscal year ended March 31, 2014. The complexity of the audit increased following the Company's acquisition of Madsen.
- The Company's net loss and comprehensive loss between the quarters ended December 31, 2013, September 30, 2013 and June 30, 2013 stayed relatively consistent as there were no significant transactions between the these quarters.
- The most notable change between the quarters ended June 30, 2013 and March 31, 2013 is the significant decrease in the net loss of \$0.6 million. The substantial decrease was largely due to the \$0.5 million write down of capitalized acquisition costs during the quarter ended March 31, 2013 described below compared to no write-downs for the quarter ended June 30, 2013 and the Company's continued implementation of measures to reduce operating costs.

Pursuant to the closing of the \$18.6 million financing on March 4, 2014 and concurrent acquisition of Madsen and the adjoining Newman-Madsen property, at the date of this MD&A, the Company has approximately \$2.0 million in cash and short-term investments and approximately \$0.2 million in current liabilities. The Company's working capital balance as at the date of this MD&A is approximately \$2.0 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. At December 31, 2014, the Company had approximately \$2.4 million in cash and short term investments available to fund its activities. Upon successful completion of the February 2015 bought-deal financing, the Company will have sufficient funds to meet its calendar 2015 operating objectives.

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 calendar 2015 is approximately \$6.4 million. During this period we anticipate spending approximately \$4.9 million on our Madsen Gold Project (including environmental bonding of \$0.7 million) and approximately \$1.5 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.

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 heard "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

The Company is required to pay \$0.6 million in reclamation deposits to provide for a partial indemnification of the closure reclamation costs associated with its Madsen Gold Project. This can be achieved through a formal letter of credit or a payment directly to the Ministry of Northern Development and Mines in Ontario. This amount is due in two separate instalments as follows: (i) \$0.3 million on or before June 1, 2015 and (ii) \$0.3 million on or before December 1, 2015.

Pure Gold has no other commitments for material capital expenditures as of December 31, 2014.

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 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 Project Accommodation Lease

Pursuant to a rental agreement dated August 6, 2014, the Company is committed to pay rent for employee / consultant accommodations in Madsen, Ontario, at \$1,500 per month. The lease expires on August 5, 2015.

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 are as follows:

	GMC Sierra 2500 HD	GMC Sierra 2500 HD
2015	9,606	11,422
2016	9,606	11,422
2017	9,606	11,422
2018	4,803	5,711
Total	\$ 33,621	\$ 39,977

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as at December 31, 2014 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 December 31, 2014, Oxygen holds a refundable deposit of \$156,000 on behalf of the Company. During the nine month period ended December 31, 2014, a total of \$619,381 (December 31, 2013 - \$Nil) was paid or accrued to Oxygen as a reimbursement of Oxygen's costs. Additionally, as at December 31, 2014, the Company held a payable amount to Oxygen of \$60,235 (March 31, 2014 - \$5,712). This amount was paid subsequent to December 31, 2014.

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	Nine months ended December 31, 2014	Nine months ended December 31, 2013
President and Chief Executive Officer	Salary	\$150,667	\$127,500
Vice President of Exploration	Salary	\$133,583	\$ -
Chief Financial Officer	Salary	\$66,400	\$ -
Director, Investor Relations	Salary	\$43,250	\$ -
Corporate Secretary	Salary	\$15,956	\$ -
Directors	Directorship	\$120,000	\$ -
Former Vice President of Exploration	Salary	\$ -	\$45,000
Former Chief Financial Officer	Salary	\$ -	\$27,000
Former Director	Consulting	\$ -	\$45,000
Total		\$529,856	\$244,500

Share-based compensation issued to key management personnel during the nine months ended December 31, 2014 totaled \$0.7 million (December 31, 2013 - \$Nil). 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 International Financial Reporting Standards ("IFRS") and interpretations of the IFRS Interpretations Committee ("IFRIC") as issued by the International Accounting Standards Board ("IASB"). The accounting policies and methods of application applied by the Company in preparing its unaudited condensed interim consolidated financial statements for the three and nine

months ended December 31, 2014 are the same as those applied in the Company's Annual Financial Statements, except for those policies which have changed as a result of the adoption of new and amended IFRS pronouncements effective April 1, 2014 and for the following accounting policy which has been added and is discussed below:

Property, Plant and Equipment – The Company acquired an office facility for its Madsen Gold Project which has been classified under exploration equipment in Note 8 of the condensed interim consolidated financial statements for the nine month period ended December 31, 2014. Exploration equipment is recorded at cost less accumulated depreciation using the declining balance method at a rate of 20%.

The effects of the adoption of new and amended IFRS pronouncements are also discussed below:

Adoption of New, Amended and Future IFRS Pronouncements

The following standards have been published and are mandatory for the Company's annual accounting periods beginning on or after April 1, 2014:

IAS 36 – Impairment of Assets

In May 2013, the IASB published a revised version of this standard to reverse the unintended requirement in IFRS 13 '*Fair Value Measurements*' to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, the recoverable amount is required to be disclosed only when an impairment loss has been recognized or reversed. The amendments apply retrospectively for annual periods beginning on or after January 1, 2014 and the Company has adopted the amendments to this standard. There was no impact on these consolidated financial statements as a result of the adoption of this standard.

IFRS 7 – Financial Instruments Disclosure

This standard was amended to require additional disclosures on transition from IAS 39 to IFRS 9, effective for annual periods beginning on or after January 1, 2018. The Company is currently assessing the impact of adopting IFRS 7 on these consolidated financial statements.

IFRS 9 – Financial Instruments: Classification and Measurement

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. The mandatory effective date of IFRS 9 would be annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently assessing the impact and timing of adopting IFRS 9 on these consolidated financial statements.

IFRIC 21 - Accounting for Levies Imposed by Governments

IFRIC 21, *Levies* was issued on May 20, 2013 and provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and those where the timing and amount of the levy is certain. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. There was no impact on these consolidated financial statements as a result of the adoption of this standard.

IAS 32

This standard was amended to clarify requirements for offsetting financial assets and financial liabilities, effective for annual periods beginning on or after January 1, 2014. There was no impact on these consolidated financial statements as a result of the adoption of this standard.

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. Factors that could affect these judgments, estimates and assumptions are discussed in our AIF, dated July 4, 2014, under the heading “Risk Factors”. Subject to the impact of such risks, the carrying value of Pure Gold’s financial assets and liabilities approximates their estimated fair value.

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 and property, plant and equipment. Judgements involved in assessing impairment of exploration and evaluation assets are discussed below.

For the nine months ended December 31, 2014, 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 nine months ended December 31, 2014, there were no indicators of impairment on the Company’s exploration and evaluation 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 share-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. Fair 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.

Financial Instruments and Other Instruments

Financial assets and liabilities are recognized when Pure Gold becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from assets have expired or have been transferred and Pure Gold has transferred substantially all risks and rewards of ownership. Our accounting policy for each category of financial instrument held or recorded by the Company is summarized below.

Financial assets

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost less any impairment. Cash, restricted cash, short-term investments, amounts receivable (excluding sales tax receivable and resource tax credits), deposits and reclamation deposits have been classified under this category.

Financial liabilities

Other Financial Liabilities

Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transactions costs incurred and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the maturity amount is recognized in the statement of earnings (loss) over the period to maturity using the effective interest method. Other financial liabilities are classified as current or non-current based on their maturity date. Accounts payable and accrued liabilities, mineral property funding obligations, other current liabilities and the provision for closure and reclamation have been classified under this category.

Financial liabilities are classified as current liabilities if payment is due within 12 months. Otherwise, they are presented as non-current liabilities.

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 December 31, 2014, the Company had cash of \$0.8 million (March 31, 2014 - \$9.0 million), restricted cash of \$Nil (March 31, 2014 - \$0.1 million) and short-term investments of \$1.6 million (March 31, 2014 - \$35,000) to settle current liabilities of \$0.2 million (March 31, 2014 - \$3.2 million).

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 nine months ended December 31, 2014, 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 \$12,000.

Fair Value Estimation

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

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.

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 described under the heading "Risk Factors" in our AIF, available on Pure Gold's SEDAR profile at www.sedar.com. In particular, significant uncertainties remain in capital markets impacting the availability of equity financing for the purposes of mineral exploration and development. There are also significant uncertainties and increased volatility in the prices of gold, copper, other precious and base metals and other minerals as well as increased volatility in the foreign currency exchange markets as assets continue to be re-priced against a backdrop of uncertainty relating to the foreign exchange rate, whether the United States Federal Reserve's Qualitative Easing programs will be tapered, or ongoing debate relating to budget issues in the United States.

While the decrease in the price of gold during 2013 and 2014 and ongoing uncertainties in capital markets do not have 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. 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.

Outstanding Share Data

Pure Gold's authorized capital is unlimited common shares without par value. As at February 11, 2015 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	107,803,375	N/A	N/A
Stock Options	30,000	\$0.20	January 21, 2016
	50,000	\$0.20	March 11, 2016
	305,000	\$0.20	February 25, 2018
	4,380,000	\$0.35	April 8, 2019
	300,000	\$0.32	May 13, 2019
	200,000	\$0.35	February 10, 2015
Share Purchase Warrants	500,000	\$0.30	March 20, 2015
	38,163,250	\$0.50	September 4, 2016
Compensation Options *	1,242,657	\$0.25	March 4, 2016
Fully Diluted	152,974,282		

* Compensation Options were issued to various Brokers for services rendered for the March 4, 2014 private placement. Each Compensation Option is exercisable for a period of 24 months from issuance and has a strike price of \$0.25. Upon exercise, the holder is entitled to one Common Share of the Company and one-half common share purchase warrant. Each whole warrant entitles the holder to subscribe for one additional common share at a price of \$0.50, with such warrants expiring 24 months from initial issuance of the Compensation Option.

Subsequent Events

- a. On January 6, 2015, 50,000 share purchase warrants with a strike price of \$0.30 were exercised for total proceeds of \$15,000. The fair value attributable to these share purchase warrants in the amount of \$5,201 has been transferred from equity reserves to share capital.
- b. On January 7, 2015, 2,457,000 share purchase warrants with a strike price of \$0.30 expired without exercise.
- c. On February 9, 2015, Pure Gold entered into an agreement with a syndicate of underwriters, whereby the underwriters on a bought-deal private placement basis will purchase for their own account or arrange for substituted purchasers to purchase 12,857,143 flow-through common shares (the "Flow-Through Shares") and 2,857,143 common shares (the "Common Shares") from Pure Gold at a price of \$0.35 per Flow-Through Share and \$0.28 per Common Share, for aggregate gross proceeds to Pure Gold of \$5,300,000 (the "Offering").

The underwriters shall also have the option (the "Underwriters' Option") to purchase from Pure Gold up to an additional 25% of the number of Flow-Through Shares and up to an additional 25% of the number of Common Shares sold pursuant to the Offering.

In consideration for their services, the underwriters will receive a cash commission equal to 6% of the gross proceeds of the Offering, including any proceeds realized on exercise of the Underwriters' Option. In addition, Pure Gold has agreed to pay an Advisory and Finder's Fee to a third party totaling \$250,000, to be paid in Common Shares of the Company at a deemed price per share of \$0.28.

The Offering is expected to close on or about February 20, 2015, subject to regulatory approvals including approval of the TSX-V.

- d. On February 10, 2015, Pure Gold granted incentive stock options to an employee exercisable to purchase up to 200,000 common shares in the capital of the Company until February 10, 2020 at an exercise price of \$0.35 per share. The incentive stock options were granted in accordance with the Company's Stock Option Plan and are subject to vesting provisions whereby 66,666 options will vest one year from the grant date, 66,667 options will vest two years from the grant date and the remaining 66,667 will vest three years from the grant date.

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 Interim Financial Statements for the three and nine months ended December 31, 2014 and in its Annual Financial Statements for the years ended March 31, 2014 and 2013 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 Audit Committee of 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.

Management, under the supervision of and with the participation of the CEO and the CFO, have a process in place to evaluate disclosure controls and procedures and internal control over financial reporting as required by Canadian securities regulations. The CEO and CFO will certify the annual filings with the CSA as required in Canada by

National Instrument (“NI”) 52-109 (Certification of Disclosure in an Issuer’s Annual and Interim Filings). The Board of Directors is responsible for overseeing management and to consider whether they have fulfilled their responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee which is independent from management. The Audit Committee is appointed by the Board of Directors and reviews the financial statements and MD&A; considers the report of the external auditors; considers and approves the fees and expenses for the audit services; and recommends the independent auditors to the Board for the appointment by the shareholders. The independent auditors have full and free access to the Audit Committee and meet with it to discuss their audit work, our internal control over financial reporting and financial reporting matters. The Audit Committee reports its findings to the Board of Directors for consideration when approving the financial statements for issuance to the shareholders. Management is responsible for establishing and maintaining adequate internal control over financial reporting.

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 unaudited condensed interim consolidated financial statements and respective accompanying MD&A as at December 31, 2014 (together the “Interim 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

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, interim 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 the Madsen Gold Project, 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 Madsen Gold Project, Red Lake, Ontario, Canada”, effective February 18, 2014, and dated February 18, 2014, filed under the Company’s profile on SEDAR at www.sedar.com.

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 Gold Project 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.

Darren O’Brien, 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 Gold Project Technical Report is consistent with that provided by the QPs responsible for the Madsen Gold Project Technical Report, and has verified the technical data disclosed in this document relating to those projects in which the Company holds an interest. Mr. O’Brien 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, silver, copper, molybdenum 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 ELAs 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 shareholders with greater than 10% holdings; uncertainties associated with minority interests and joint venture operations; the majority of the Company’s operations occur in foreign jurisdictions; 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 Audit Committee of 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:

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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