Pure Gold Mining Inc.

(An Exploration Stage Company)

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal period ended December 31, 2018

Pure Gold Mining Inc.
Management's Discussion and Analysis
For the fiscal period ended December 31, 2018

This Management's Discussion and Analysis (the "**MD&A**"), dated as of March 20, 2019, is for the fiscal year ended December 31, 2018 and should be read in conjunction with the audited consolidated financial statements as at and for the fiscal period ended December 31, 2018 and fiscal year ended March 31, 2018 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 fiscal period ended December 31, 2018 dated March 20, 2019 (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.

Change of fiscal year-end

To better align its financial reporting with the calendar year and that of its industry peers, during the nine months ended December 31, 2018, the Company changed its fiscal year-end to December 31, from March 31. The Company's transition year is the nine months ended December 31, 2018, and the comparative period is the twelve months ended March 31, 2018.

The length and ending date of the periods, including the comparative periods, of the interim and annual financial statements to be filed for the transition year and new financial year are:

Transition Year	Comparative Annual Financial Statements to Transition Year	New Financial Year	Comparative Annual Financial Statements to New Financial Year	Interim Periods for Transition Year	Comparative Interim Periods to Interim Periods in Transition year	Interim Periods for New Financial Year	Comparative Interim Periods To Interim Periods In New Financial Year
Nine months ended December 31, 2018	12 months ended March 31, 2018	12 months ended December 31, 2019	Nine months ended December 31, 2018 and 12 months ended March 31, 2018	N/A	N/A	3 months ended March 31, 2019 6 months ended June 30, 2019 9 months ended September 30, 2019	3 months ended March 31, 2018 6 months ended June 30, 2018 9 months ended September 30, 2018

For additional information see Notice filed on SEDAR on December 3, 2018.

Highlights for the Year and Significant Subsequent Events

During the fiscal period ended December 31, 2018 and up to the date of this MD&A, the Company completed and advanced a number of key milestones, significantly de-risking its 100%-owned Madsen Gold Project ("**Madsen**") which culminated in the release of a new mineral resource estimate, a feasibility study for the Madsen deposit and a preliminary economic assessment ("**PEA**") for the Fork, Russet South and Wedge Deposits in February 2019. A summary of the highlights for the nine months ended December 31, 2018 and subsequent period to date are as follows:

- On February 11, 2019, Pure Gold released the results of an independent feasibility study for the Madsen deposit[1]. The feasibility study outlines a high-grade, underground mining operation with a production rate of 800 tonne per day ("**tpd**") at modest initial capital cost and strong financial performance based upon a US$1,275/troy ounce ("**oz**") gold.

  Base case parameters in the feasibility study assume a gold price of US$1,275/oz and an exchange rate (Canadian $ to US $) of 0.75. Highlights of the feasibility study include:

  - Probable Mineral Reserves of 3.5 million tonnes at 9.0 grams per tonne ("**g/t**") gold containing 1.0 million ozs gold;[12]
  - Modest initial capital requirement of $95 million including a 9% contingency;
  - Mine life of 12.3 years with a 13-month pre-production period from a formal production decision;
  - Peak annual production of approximately 125,000 ozs of gold with average annual gold production in years 3 through 7 of approximately 102,000 ozs;
  - Life of Mine ("**LOM**") direct operating cash cost[3] estimated at US$607 per oz of payable gold;
  - LOM all in sustaining cash cost ("**AISC**")[4] estimated at US$787 per oz of payable gold;

[1] See the technical report titled "**Madsen Gold Project Technical Report Feasibility Study for the Madsen Deposit and Preliminary Economic Assessment for the Fork, Russet South and Wedge Deposits Red Lake, Ontario, Canada**" for further information, available at www.puregoldmining.ca or under the Company's Sedar profile at www.sedar.com
[2] Mineral reserve estimate effective as of February 5, 2019.
[3] Cash cost includes mining cost, mine-level G&A, milling and refining cost. This is a non-GAAP performance measure; please see "Non-GAAP Measures and Other Financial Measures" below.
[4] All in sustaining cash cost adjusts cash cost for corporate G&A and sustaining capital expenditures. This is a non-GAAP performance measure; please see "Non-GAAP Measures and Other Financial Measures" below.

- Pre-tax Net Present Value ("**NPV**") at 5% and Internal Rate of Return ("**IRR**") of $353 million and 43% respectively with a 3.0-year payback of initial capital;
- After-tax NPV at 5% and IRR of $247 million and 36% respectively with a 3.3-year payback of initial capital.

The feasibility study supports a high-grade underground mining operation with engineered stopes containing 1.0 million ozs of gold in probable mineral reserves. The project benefits from significant mining, milling and tailings infrastructure already in place, resulting in a project with modest capital intensity. Mining will be conducted from new ramp development utilizing a combination of cut and fill and longhole methods. A new hoist house and double drum production hoist will use the existing shaft infrastructure to hoist ore and waste from the mine, commencing in year four of operations.

The proposed Madsen implementation schedule is over a period of 13 months, with underground mine development commencing approximately 9 months before the first gold pour. The project requires initial capital of $95 million (including contingency) to support the construction of an underground mine and associated infrastructure, including the expansion of existing milling capacity to 800 tonnes of ore per day.

- On February 27, 2019 the Company announced results of a PEA for the Fork, Russet South, and Wedge deposits that demonstrates the potential to add approximately $51 million to the Madsen after-tax net present value at an IRR 39%.

  The PEA provides a blueprint of how Pure Gold might extend mine life or with further resource definition and permitting work, possibly increase the annual production profile at Madsen. The PEA represents the first conceptual expansion scenario for the future phased growth of the Madsen Mine.

  Highlights of the PEA include[6]:

  - Base case parameters assume a gold price of US$1,275/oz and an exchange rate (C$ to US$) of 0.75.
  - Mine life extension of 3.7 years with total production the Fork, Russet South and Wedge deposits of 210,000 ozs of gold;
  - LOM direct operating cash cost[5] estimated at US$557 per oz of payable gold;
  - LOM AISC[4] estimated at US$712 per oz of payable gold;
  - Pre-tax $NPV_{5\%}$ and IRR of $79 million and 57% respectively with a 1.6-year payback of initial capital; and
  - After-tax $NPV_{5\%}$ and IRR of $51 million and 39% respectively with a 2.0-year payback of initial capital; and
  - Initial capital requirement of $57 million including a 14% contingency

  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.

- Subsequent to December 31, 2018, Pure Gold announced an updated mineral resource estimate for Madsen that was used for the basis of the feasibility study and PEA. This mineral resource estimate includes updated and expanded mineral resources for all previously reported deposits, including Madsen, Fork and Russet South and includes first time disclosure of mineral resources at the Company's Wedge deposit. Significant highlights include[6]:

  - Indicated mineral resources increase by 319,000 ozs of gold to a total of 2,063,000 ozs of gold (7,196,000 tonnes at an average grade of 8.9 g/t gold) at a 4.0 g/t gold cut-off;

[5] Cash costs includes mining cost, mine-level G&A, milling and refining cost. This is a Non-GAAP measure; please see Non-GAAP Measures and Other Financial Information" below.

[6] See the technical report titled "**Madsen Gold Project Technical Report Feasibility Study for the Madsen Deposit and Preliminary Economic Assessment for the Fork, Russet South and Wedge Deposits Red Lake, Ontario, Canada**" for further information, available at www.puregoldmining.ca or under the Company's Sedar profile at www.sedar.com

- Additionally, inferred mineral resources increase by 171,000 ozs of gold to a total of 467,000 ozs of gold (1,880,000 tonnes at an average grade of 7.7 g/t gold) at a 4.0 g/t cut-off;
  - Indicated resources for Fork, Russet South and Wedge grew by 114% to 206,000 ozs of gold (767,000 tonnes at an average grade of 8.4 g/t gold) and inferred resources grew by 91% to 226,000 ozs of gold (991,000 tonnes at 7.1 g/t gold) at a 4.0 g/t gold cut-off; and
  - First time disclosure of indicated mineral resources at Wedge of 107,000 ozs of gold (322,000 tonnes at an average grade of 10.3 g/t gold) and inferred mineral resources of 79,000 ozs of gold (307,000 tonnes at an average grade of 8.0 g/t gold) at a 4.0 g/t cut-off.

- Surface drilling at Madsen continued to expand gold mineralization in the Wedge Deposit, reinforcing the importance of Wedge as a key component of the large high-grade mineral system in place at Madsen. Drilling highlights from Wedge included[7][8] :

  - 32.9 g/t gold over 1.7 metres from drill hole PG18-600;
  - 14.5 g/t gold over 1.5 metres from drill hole PG18-599;
  - 12.7 g/t gold over 1.7 metres from drill hole PG18-603;
  - 11.8 g/t gold over 2.3 metres from drill hole PG18-602;
  - 12.4 g/t gold over 3.0 metres, including 32.7 g/t gold over 1.0 metre from drill hole PG18-620;
  - 23.1 g/t gold over 2.0 metres including 33.4 g/t gold over 1.0 metre from drill hole PG18-616.

- During the year, Pure Gold completed its underground test mining program which was extremely successful in highlighting the strong visual nature of the mineralization, demonstrating excellent ground conditions, and confirming the geologic model that underpins the mine plan for the feasibility study[1]. Results exceeded expectations, with tonnes, grade and mining width greater than predicted from the resource model. Overall, an average grade of 10.2 g/t gold was returned from 1,555 muck samples collected during mining of the bulk sample. The average grade of 10.2 g/t gold is a capped, diluted mined grade, which comprises all muck samples from 70 rounds of freshly blasted rock, each of which averaged above a cut-off of 4.0 g/t gold.

  Key points from the test mining were:

  - At a 4.0 g/t gold cut-off, the bulk sample estimate includes 46% more tonnes, 8% higher gold grade and an estimated 56% more ounces of gold than predicted from the resource model blocks;
  - Overall mining width of 5.3 metres, exceeding the predicted width of the mineralized structures by 53%;
  - In the two planned stoping areas, mined tonnes were within 1% of the predicted tonnes from the resource model, with an estimate of 14% more gold mined than expected due to a higher than predicted average diluted grade of 10.9 g/t gold at a 4.0 g/t gold cut-off;
  - Underground drilling conducted during test mining defined a third stoping area, resulting in the mining of an estimated 440 additional ounces of gold of gold from 1,575 tonnes at a grade of 8.7 g/t gold;
  - Further underground drill results continue to identity opportunities for potential extensions to mining.

  New underground drilling highlights from the year include[8][9]:

  - 57.1 g/t gold over 22.1 metres, including 232.4 g/t gold over 5.2 metres which includes 1175.0 g/t gold over 1.0 metre from drill hole PGU-0109;
  - 19.6 g/t gold over 4.5 metres from drill hole PGU-0087;
  - 16.6 g/t gold over 4.0 metres from drill hole PGU-0088;

[7] See press release dated August 16, 2018, available on the Company's website at www.puregoldmining.ca or the Company's profile on SEDAR at www.sedar.com for further details of exploration results during the quarter.

[8] See press release dated June 5, 2018 for complete details of underground drill results for PGU Series holes,, available under the Company's profile at www.Sedar.com or on the Company's website at www.puregoldmining.ca

[9] See press release dated November 28, 2018 for complete details of the bulk sample program and PGB series drill results, available under the Company's profile at www.Sedar.com or on the Company's website at www.puregoldmining.ca.

- 20.1 g/t gold over 6.0 metres from drill hole PGB-0131, including 38.6 g/t gold over 2.0 metres;
- 47.6 g/t gold over 6.0 metres from drill hole PGB-0134;
- 30.3 g/t gold over 2.0 metres and 133.0 g/t gold over 1.0 metre from drill hole PGB-0140;
- 15.2 g/t gold over 2.9 metres from drill hole PGB-0152.

- On March 14, 2019 the Company announced a bought-deal private placement, pursuant to which the Company will issue 6,716,500 common shares of the Company on a flow-through basis (the "2019 FT Shares") at a price of C$0.67 per 2019 FT Share for gross proceeds of $4,500,055 (the "2019 Offering"). It is anticipated that closing of the 2019 Offering will occur on or about March 29, 2019. In connection with the 2019 Offering, the Company will pay the underwriters a cash commission equal to 6.0% of the gross proceeds. The transaction is expected to close on or about March 29, 2019.

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 4,600 hectares of primarily patented mineral claims 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 2.5 million ozs[10].

With the feasibility study now complete Pure Gold will continue to advance Madsen towards development. In August 2018 the Company announced that it had appointed Endeavour Financial as its financial advisor to provide advisory services with respect to debt financing for the construction and development of Madsen. This process is well advanced and discussions are underway and advancing with multiple potential financiers.

Over the coming months, the Company will be focused on:

- Continuing working with First Nations to promote a cooperative and mutually respectful relationship concerning Pure Gold's development plan, and to finalize an agreement to govern this relationship;
- Advancing project finance opportunities;
- Optimizing the project execution schedule, including detailed engineering, procurement and permitting;
- Continuing environmental studies and documentation to support the update and filing of existing permits and filing for additional permits that may be required;
- Commencing detailed engineering and design activities.

The feasibility study, focussed exclusively on the Madsen deposit, outlines a robust high-grade, low capital mining operation. Exploration by the Company to date has demonstrated that Madsen has outstanding potential for growth and opportunities for scalability. Key opportunities to enhance the project over the project life include:

- Potential expansion of the Madsen resource, through application of the Company's geologic model to target extensions to the known resource, including:
  - Potential conversion of the inferred resources in the Madsen deposit to measured and indicated, currently totalling 241,000 ozs of gold (0.9 million tonnes at 8.4 g/t gold[1]);
  - High-grade 8 Zone expansion potential beyond the reserve scheduled to commence mining in year four of operations;
  - Potential depth extensions of the Madsen deposit which remains open as supported by drill hole PG17-456 which intersected 34.6 g/t gold over 4.3 metres at a depth of 1,373 metres

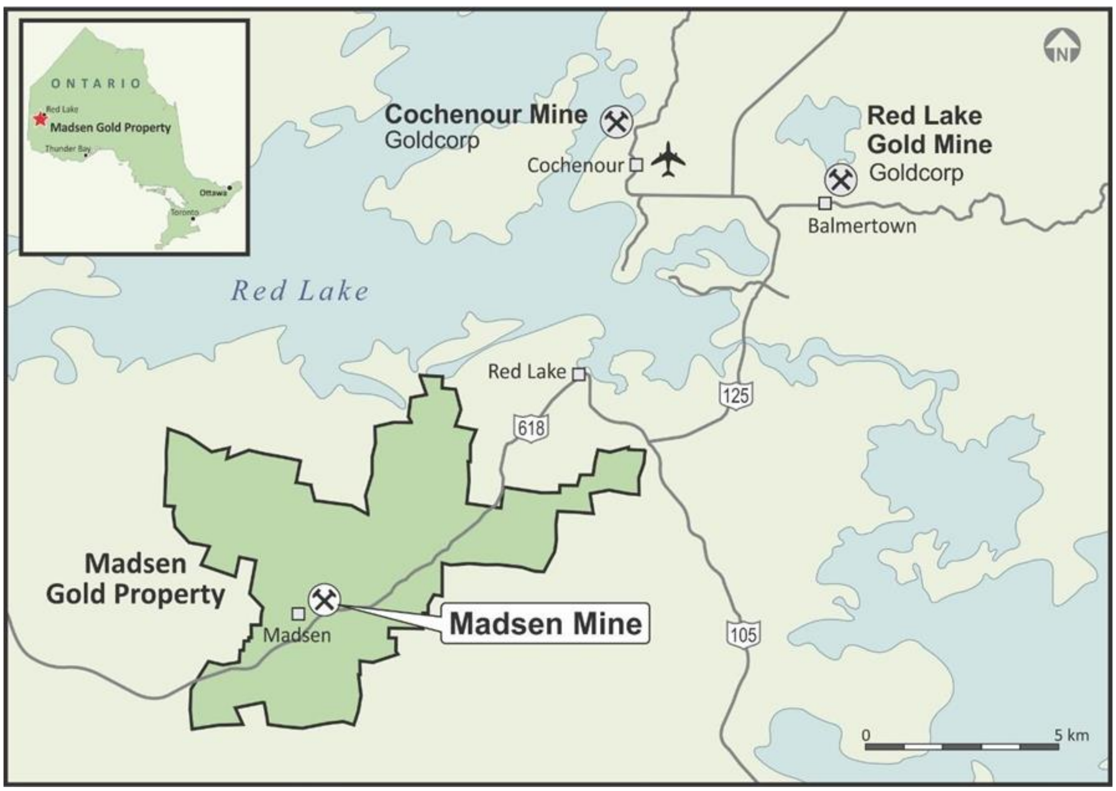
[10] Historic drill hole results and production figures and other details from the Madsen and Starratt-Olsen mines disclosed in this document were completed prior to the implementation of National Instrument 43-101. A full discussion and cautionary language can be found in the Madsen Technical Report, which can be found on Pure Gold's website at www.puregoldmining.ca or profile on SEDAR at www.sedar.com.

below surface, and AD-11-01 which returned 14.3 g/t gold over 2.0 metres at a depth of approximately 2,100 metres below surface;
  - Continue exploration at Russet South, Fork, Wedge, and across the +5-kilometre mineral system in place at Madsen, where strong potential exists for continued growth; and
  - Review and optimization of the mine plan with an opportunity for additional mine flexibility, potential for increased milling rates and annual gold production.

With the addition of the PEA for the Fork, Russet South, and Wedge deposits, Pure Gold has demonstrated the potential to either add mine life or improve annual production throughput at Madsen with further advancement of these deposits. Subject to availability of funds, the Company plans to continue exploring these zones to define further mineralization and upgrade the resource classification with the goal of determining the feasibility of adding production from these zones to the Madsen mine production profile, as early as practical, in the mine life.

Overall Performance

Madsen Gold Project, Red Lake, Ontario



After a series of transactions in fiscal 2014 through 2016, Madsen now comprises 251 mining leases, mining patents and unpatented mining claims (but predominantly patented and with accompanying surface rights) owned or controlled 100% by Pure Gold, covering an area in excess of 4,600 hectares in the prolific Red Lake gold camp of Northwestern Ontario. Madsen hosts two former gold producers including the Madsen Mine.

There are no royalties payable on claims hosting known mineral resources at Madsen except for a 2% Net Smelter Royalty on resources from Russet South, that is capped at $2.0 million. Certain claims acquired in the Newman-Madsen and Derlak transactions are subject to royalties ranging from 0.5% - 3%, a portion of which may be bought back by the Company.

The Madsen Mine operated continuously from 1938 to 1974, and again from 1997 to 1999. Total recorded production is 7,872,679 metric tonnes at an average grade of 9.7 g/t gold, producing 2,452,388 ozs[11].

[11] 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 and

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 1948 to 1956. A total of 823,544 metric tonnes were mined at an average recovered grade of 6.17 g/t gold to produce 163,990 ozs[11]. 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 at Starratt is ongoing and initial drill testing was completed by Pure Gold in late 2016.

On February 11, 2019, Pure Gold announced the results of its feasibility study for the Madsen deposit.[1] The feasibility study supports a high-grade underground mining operation with engineered stopes containing 1.0 million ozs of gold of Probable Mineral Reserves. The project benefits from significant mining, milling and tailings infrastructure already in place, resulting in one of the lowest capital intensity undeveloped gold projects in the world. Mining will be conducted from new development utilizing a combination of cut and fill and longhole methods. A new hoist house and double drum production hoist will use the existing shaft infrastructure to hoist ore and waste from the mine, commencing in year four of operations.

The proposed Madsen implementation schedule is over a period of 13 months, with underground mine development commencing approximately nine months before the first gold pour. The project requires initial capital of $95 million (including contingency) to support the construction of an underground mine and associated infrastructure, including the expansion of existing milling capacity to 800 tonnes of ore per day. The mine is expected to produce peak annual production of 125,000 ozs of goldwith life of mine all in sustaining costs of US$787 per oz of gold, which are below industry average.

JDS Energy and Mining Inc. ("**JDS**") led the Madsen Gold Project Feasibility Study, which included input from leading consultants such as Knight Piésold Ltd., Nordmin Engineering Ltd., MineFill Services Inc., Integrated Sustainability, Lorax Environmental Services Ltd, Ginto Consulting Inc., and Equity Exploration Consultants Ltd.

Base Case Operating Highlights and Project Performance

Assumptions	
Gold Price	US$1,275/oz
Exchange Rate (Canadian $ to US$)	0.75
Production Profile	
Total Tonnes Milled	3.5 million
Diluted Head Grade	9.0 g/t gold
Total Gold Ozs Mined	1.0 million
Mine Life	12.3 years
Daily mill commercial throughput	800 tpd
Gold Recovery	96%
Total Gold Ozs Recovered	970,000 ozs
Average Annual Gold Production	80,000 ozs
Peak Annual Gold Production	125,000 ozs

current mineral resources can be found in the Madsen Technical Report, which can be found on Pure Gold's profile on SEDAR at www.sedar.com or at Pure Gold's website at www.puregoldmining.ca.

Average Annual Gold Production Years 3 – 7	102,000 ozs
Capital Requirements	
Pre-production Capital Cost	$95 million
Sustaining Capital Cost (Life of Mine)	$232 million
Operating Costs	
Unit Operating Costs (per tonne processed)	
Mining Costs	$169/tonne
Processing Costs	$32/tonne
G&A	$22/tonne
Average Cash Cost[2] Years 3-7	US$482/oz gold
LOM Average Cash Cost[2]	US$607/oz gold
LOM All In Sustaining Costs[3]	US$787/oz gold
Project Economics	
Royalties	None
Corporate Income Tax / Ontario Mining Tax	25% / 10%
Pre-Tax	
NPV (5% Discount Rate)	$353 million
Internal Rate of Return	43%
Payback Period (years)	3.0
Cumulative Cash Flows	$537 million
Post-Tax	
NPV (5% Discount Rate)	$247 million
Internal Rate of Return	36%
Payback Period (years)	3.4
Cumulative Cash Flows	$383 million

Gold Price Sensitivity

Gold Price (US$/oz)	$1,100	$1,200	$1,275[1]	$1,300	$1,400	$1,500
Pre-Tax $NPV_{5\%}$ ($Millions)	$192	$284	$353	$376	$468	$560
After-Tax $NPV_{5\%}$ ($Millions)	$135	$199	$247	$263	$326	$390
Pre-Tax IRR	28%	36%	43%	45%	53%	61%
After-Tax IRR	23%	31%	36%	38%	45%	51%

Sensitivity After-Tax $NPV_{5\%}$ ($Millions)

%	-15	-10	-5	0	5	10	15
Capital cost Sensitivity	$287	$274	$260	$247	$234	$220	$207
Operating cost Sensitivity	$304	$285	$266	$247	$228	$209	$190

Sensitivity After-Tax IRR (%)

%	-15	-10	-5	0	5	10	15
Capital cost Sensitivity	45%	42%	39%	36%	33%	31%	29%
Operating cost Sensitivity	42%	40%	38%	36%	34%	32%	30%

The feasibility study results show that the Madsen has the potential to remain strongly profitable at lower metal prices and is robust across a range of capital and operating cost sensitivities.

Mineral Resource

The Company's February 2019 mineral resource estimate forms the basis for the feasibility study. The resource estimate, prepared by Ginto Consulting Inc. is based upon the mineral resource estimate disclosed on February 5, 2019, which contains the results of 14,822 core drill holes. Of those, 13,258 drill holes informed the resource estimate with an overall average spacing of 6.4 metres in the high-grade domains.

The updated mineral resource estimate for Madsen is reported at a 4.0 g/t gold cut-off effective February 5, 2019.

Mineral Resource Statement for Madsen Gold Project*

Resource Classification	Tonnes	Grade (Gold g/t)	Contained Gold (ozs)
Indicated	7,196,000	8.9	2,063,000
Inferred	1,880,000	7.7	467,000

* Reported mineral resources are inclusive of mineral reserves declared below. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues. The CIM definitions were followed for the classification of Indicated and Inferred Mineral Resources. The quantity and grade of reported Inferred

Mineral Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Mineral Resources as an Indicated Mineral Resource and it is uncertain if further exploration will result in upgrading them to an Indicated Mineral Resource category. All figures have been rounded to reflect the relative precision of the estimates. Mineral Resources are reported at a cut-off grade of 4.0 g/t gold.

Mining and Mineral Reserves
The feasibility study mine plan utilizes a combination of conventional cut & fill (59%), mechanized cut & fill (16%) and longhole mining (25%) methods to extract mineral reserves. Preliminary mining shapes were developed using Mineable Shape Optimizer (MSO) using variable cut-offs from 4.00 to 4.75 g/t gold. These were used to guide development of the feasibility mine design plan. Final stope shapes and mine access development were individually modelled and evaluated to form the final mineable reserve. A mining recovery of 95% and a dilution of 10% has been assumed for retained tonnes forming part of the mine plan. The total probable reserve mined over the course of the mine life is 3.5 million tonnes at an average diluted head grade of 9.0 g/t for 1.0 million ozs of gold.[1]

All ramp and level waste development are to be performed by an owner-operated fleet of one and two boom electric hydraulic drill jumbos, 3.0 cubic-metre bucket LHD's, 20 tonne haul trucks, scissor lift/bolters and other rubber-tired support equipment. Mining will be facilitated by a combination of diesel and battery-powered equipment, with diesel equipment being utilized for upper levels of the mine prior to refurbishment of the existing shaft and installation of a new double-drum production hoist. The use of battery-powered equipment in the mine will eliminate emissions associated with the movement of ore and waste and will result in materially reduced ventilation and heating requirements.

The probable mineral reserves were based exclusively on Indicated mineral resources from the Madsen deposit. Mineral resources from Fork, Russet South, and Wedge were not considered for the feasibility study but are considered in the Preliminary Economic Assessment of these deposits, as discussed below.

Probable Mineral Reserves for the Madsen deposit of the Madsen Gold Project Error! Bookmark not defined.*****

Zone	Tonnes	Grade (Gold g/t)	Contained Gold (ozs)
Austin	1,847,000	7.9	466,000
8 Zone	421,000	16.9	228,000
South Austin	791,000	8.6	219,000
McVeigh	386,000	6.7	83,000
A3	68,000	7.6	17,000
Total	3,512,000	9.0	1,013,000

**Numbers may not add due to rounding*

Processing
The feasibility study is based on upgrading the existing mill and tailings management facility to achieve mill production of 800 tpd. Upgrades include modernization of controls and instrumentation, installation of new pumps, two new batch gravity concentrators as well as expansion of the grinding circuit through replacement of the existing ball mill to achieve forecast productivity.

The process plant will include one stage of crushing and two stages of grinding to achieve a final grind size of 75 micrometres. Based on recent metallurgical test work, the optimized flowsheet will include gravity concentration followed by cyanide leach, carbon adsorption/desorption and electrowinning with an overall recovery of 96% expected on a mill feed that will average 9.0 g/t gold over the life of mine. The product from electrowinning will be refined in an induction furnace to produce gold doré bars. Leached slurry from the CIP circuit will be treated with the SO_2/Air cyanide destruction process, and the final tailings will be processed and utilized underground as hydraulic fill or pumped to the tailings facility.

Capital Costs

The Madsen Mine benefits from significant existing infrastructure resulting in a very low capital intensity project. Total pre-production capital cost ("**capex**") is estimated at $94.7 million (US$71.0 million at 0.75 *(C$ to US$)*), inclusive of an $8.1 million contingency. The total LOM capex is $327 million (US$245 million at 0.75 *(C$ to US$)*), inclusive of closure costs.

Underground mining and haulage are anticipated to be completed using an owner-operator development model operating 365 days per year. LOM purchased equipment results in higher capital expenditures but offers lower long-term operating costs, greater flexibility and better cash flows.

Life of mine sustaining capital costs are estimated at $232 million with most of the costs associated with underground waste development.

Capital Costs*	Pre-Production ($Millions)	Sustaining ($Millions)	Total ($ Millions)*
Mining	31	209	240
Site Development	1	-	1
Mineral Processing	17	-	17
Tailings Management	4	8	12
Site Services	18	1	18
Closure (less salvage)	-	12	12
Indirects	6	-	6
EPCM	7	-	7
Owner's Costs	3	-	3
Subtotal	87	230	317
Contingency	8	2	10
Total Capital Costs	95*	232*	327*

**Numbers may not add due to rounding*

Unit and total operating costs were estimated for the Madsen Gold Project over the life of the project. Operating costs were developed from first principles for mining, processing, and administration using the mine plan, incorporating development rates, labour, materials, consumables, and certain contract services.

Mine operating cost is estimated at $169/t processed. Primary operating costs for mining include labour ($98/t) and consumables ($38/t). Processing costs are estimated at $32/t, general and administrative costs at $22/t processed.

Operating Costs

Operating Costs	$/t processed	US$/oz gold
Mining	169	458
Processing	32	88
General and Administration	22	59
Refining and Transport	1	2
Total Cash Cost[3]	224	607
Sustaining Capital (including closure)	66	180
All in Sustaining Costs[4]	290	787

Project Enhancement Opportunities

The feasibility study, focused exclusively on the Madsen Deposit, outlines a high-grade, low capital mining operation with 1.0 million ozs of Probable Mineral Reserves. Exploration by the Company to date has demonstrated that the Madsen Gold Project has outstanding potential for growth and opportunities for scalability. Key opportunities include:

- The feasibility study does not consider mineral resources at Fork, Russet South, or Wedge. A Preliminary Economic Assessment of these additional resources demonstrates the potential to add approximately $51 million to Madsen's after-tax net present value;
- Expansion of the Madsen Mine resource, through application of the Company's geologic model to target extensions to the known resource, including potential; l:
    - Conversion of the inferred resources in the Madsen deposit to measured and indicated, currently totaling 241,000 ozs (0.9 million tonnes at 8.4 g/t gold)
    - Extensions to the high-grade 8 Zone which remains open for expansion and is scheduled to commence mining in year four of operations
    - Depth extensions of the Madsen deposit which remains open as supported by drill hole PG17-456 which intersected 34.6 g/t gold over 4.3 metres at a depth of 1,373 metres below surface, and AD-11-01 which returned 14.3 g/t gold over 2.0 metres at a depth of approximately 2,100 metres below surface;[1]
- Continue exploration at Russet South, Fork, Wedge, and across the +5 kilometre mineral system in place at Madsen, where strong potential exists for continued growth; and
- Review and optimization of the mine plan with an opportunity for additional mine flexibility, potential for increased milling rates and annual gold production.

Environmental and Permitting

The Company benefits from existing environmental authorizations and permits which allow for operation of a 1,089 tpd mill and CIP circuit with discharge of treated tailings to the existing tailings facility, dewatering via the existing shaft, and a mine closure plan. Certain permits will require updating or amendments prior to the commencement of new mining activities including the existing Certificate of Approval ("C of A") for industrial Sewage Works (tailings and effluent), the C of A for Air and Noise, and the mine closure plan. Baseline studies and documentation for these amendments are well advanced, with the first amendment filed in August of 2018 (C of A for Air and Noise). The Company does not expect that an Environmental Assessment is required and the Company anticipates having all the required permits for production in place by Q4 2019 or earlier.

Potential Madsen Development Schedule

The proposed project development allows for 13 months for the project execution, which includes de-watering, pre-production mine development, procurement, construction and commissioning. Assuming the project execution starts in April of 2019, the first gold production would be expected in May of 2020.
Key project execution schedule milestones include the following:

- Start shaft dewatering month 2
- Construction start month 3
- Begin Mining development month 4
- Permit amendments in place month 7
- Processing plant expansion complete month 12
- First gold production month 13

PEA on Fork, Russet South and Wedge Zones
On February 27, 2019, Pure Gold issued the results of a PEA for its Fork, Russet South, and Wedge zones. The PEA demonstrated the potential to add approximately $51 million to the Madsen after-tax net present value.[12] As a result of high gold grades, near surface resources, and use of existing infrastructure, mining of these zones could potentially yield an after-tax IRR of 39%.

The PEA provides a blueprint of how the Company might expand the mine life or the annual production profile at Madsen and illustrates just how impactful and accretive new discoveries can be to the future of the project.

The PEA b*ase case parameters assume a gold price of US$1,275/oz and an exchange rate (C$ to US$) of 0.75.* Mine life extension of 3.7 years with total production of 210,000 ozs of gold;

- LOM direct operating cash cost[3] estimated at US$557 per oz of payable gold;
- LOM AISC[4] estimated at US$712 per oz of payable gold;
- Pre-tax $NPV_{5\%}$ and IRR of $79 million and 57% respectively with a 1.6-year payback of initial capital; and
- After-tax $NPV_{5\%}$ and IRR of $51 million and 39% respectively with a 2.0-year payback of initial capital;
- Initial capital requirement of $57 million including a 14% contingency.

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.

The PEA evaluated a range of mine plans from 400 tpd to 800 tpd and considered ramping up throughput to concurrently process the material from the PEA with the above noted Madsen Probable Reserve. However, unless the Inferred Resources from Russet South, Fork and Wedge are converted to Indicated, the only scenario the PEA could contemplate is to conceptually mine the three deposits after the end of the feasibility mine plan. Pure Gold intends to continue work to upgrade and expand mineral resources so that further mine plan optimizations may be advanced.

The PEA mine plan evaluates underground mining of the three deposits, with separate portal and ramp systems established to access the mineral resources. The PEA mine plan relies on the surface and milling infrastructure described in the Madsen feasibility study. Mining will be conducted concurrently from Fork, Russet South, and Wedge to support a milling rate of 800 tpd. At Russet South, only the shallow portion of the mineral resource was considered to fit for the 800 tpd base case, excluding approximately 52,400 potential ounces from the base case plan.

The PEA implementation schedule spans a period of 12 months, with portal construction and underground mine development at the three deposits commencing approximately 12 months before the first gold pour. The project requires initial capital of $57 million (including contingency) to support the construction of the underground mines and associated infrastructure. The mine plan is expected to produce 210,000 ozs over LOM with all in sustaining costs of US$712/oz gold, which are below industry averages.

[12] See press release dated February 27, 2019, for complete details about the release available on the Company's website at www.puregoldmining.ca or under the Company's Sedar profile at www.sedar.com.

JDS Energy and Mining Inc. led the PEA, which included contributions from industry-leading consultants such as Knight Piésold Ltd., Lorax Environmental Services Ltd, Ginto Consulting Inc., and Equity Exploration Consultants Ltd.

Base Case Operating Highlights and Project Performance - PEA

Assumptions	
Gold Price	US$1,275/oz
Exchange Rate (C$ to US$)	0.75
Production Profile	
Total Tonnes Milled	1.1 million
Diluted Head Grade	6.4 g/t gold
Total Gold Ozs Mined	219,000
Mine Life	3.7 years
Daily mill commercial throughput	800 tpd
Gold Recovery	96%
Total Gold Production	210,000 oz
Capital Requirements	
Pre-production Capital Cost	$57 million
Sustaining Capital Cost (Life of Mine)	$43 million
Operating Costs	
Unit Operating Costs (per tonne processed)	
Mining Costs	$92/tonne
Processing Costs	$32/tonne
G&A	$20/tonne
LOM Average Cash Cost[3]	US$557/oz gold
LOM All in Sustaining Cash Cost[4]	US$712/oz gold
Project Economics	
Royalties	Russet South – 2% NSR capped at $2M
Corporate Income Tax / Ontario Mining Tax	25% / 10%
Pre-Tax	
NPV (5% Discount Rate)	$79 million
Internal Rate of Return	57%
Payback Period (years)	1.6
Cumulative Cash Flows	$100 million
Post-Tax	
NPV (5% Discount Rate)	$51 million
Internal Rate of Return	39%
Payback Period (years)	2.0
Cumulative Cash Flows	$68 million

Gold Price Sensitivity - PEA

Gold Price (US$/oz)	$1,100	$1,200	$1,275	$1,300	$1,400	$1,500
Pre-Tax $NPV_{5\%}$ ($M)	$37	$61	**$79**	$85	$108	$132
After-Tax $NPV_{5\%}$ ($M)	$22	$39	**$51**	$55	$71	$88
Pre-Tax IRR	31%	46%	**57%**	60%	74%	88%
After-Tax IRR	20%	31%	**39%**	41%	52%	62%

Sensitivity After-Tax NPV (5%) ($Millions) - PEA

%	-15	-10	-5	0	5	10	15
Capital cost Sensitivity	$65	$60	$55	**$51**	$46	$42	$37
Operating cost Sensitivity	$65	$60	$56	**$51**	$46	$42	$37

Sensitivity After-Tax IRR (%) - PEA

%	-15	-10	-5	0	5	10	15
Capital cost Sensitivity	54%	49%	43%	**39%**	34%	30%	27%
Operating cost Sensitivity	47%	45%	42%	**39%**	36%	33%	30%

Mineral Resource - PEA

The Company`s mineral resource estimate, prepared by Ginto Consulting Inc. and disclosed above, forms the basis for the PEA. Indicated and Inferred Mineral Resources from the Fork, Russet South, and Wedge deposits were considered for the PEA.

Mining - PEA

Multiple scenarios from 400 to 800 tpd were completed to evaluate and schedule the mineral resources of the PEA into a mine plan. A 400 tpd scenario considered ramping up throughput to concurrently process material from the feasibility mine plan, Fork, Russet South, and Wedge, however the PEA considers Inferred Resources and unless they are converted to Indicated and until future study work is completed, any potential processing must occur after the end of the feasibility study mine plan. As such the 800 tpd scenario was selected as the base case mine plan as it optimizes the Madsen feasibility study design plant capacity.

Deeper portions of Russet South included in the 400 tpd case were not considered in the 800 tpd case, due to the timing to develop this area. A total of 52,437 ozs (196,289 tonnes grading 8.31 g/t gold) was excluded from the 800 tpd mine plan. Ramp access was selected due to the near surface nature of these deposits. The PEA mine plan utilizes a combination of development on mineralization (17%), mechanized cut & fill (15%), and longhole mining (68%) methods to extract mineral resources. Mineral Resources forming the selected base case 800 tpd schedule are comprised of 58% Indicated and 42% Inferred and are sourced from Wedge (50%), Fork (34%), and Russet South (16%). Both the 400 tpd case and the selected base case 800 tpd mine plan are shown below.

PEA 400 tpd Mine Schedule

Year	Waste Tonnes	Resource Tonnes	Contained Gold (oz.)	Year	Waste Tonnes	Resource Tonnes	Contained Gold (oz.)
Pre-Production	342,555	-	-				
Year 1	418,183	144,000	29,098	Year 7	675	144,000	22,863
Year 2	261,193	144,000	37,943	Year 8	7,254	144,000	19,646
Year 3	69,546	144,000	35,025	Year 9	2,073	81,927	10,429
Year 4	3,857	144,000	39,041	Year 10	9,438	15,334	2,771
Year 5	2,214	144,000	39,353	Year 11	2,122	10,414	2,213
Year 6	1,961	144,000	32,926	**Total**	**1,121,071**	**1,259,675**	**271,308**

PEA Base Case Mine Schedule – 800 tpd

Year	Waste Tonnes	Resource Tonnes	Contained Gold (oz.)
Pre-Production	350,767	-	-
Year 1	351,605	288,000	62,499
Year 2	251,867	288,155	62,088
Year 3	40,222	288,000	69,726
Year 4	1,560	199,232	24,557
Total	**996,022**	**1,063,386**	**218,870**

Processing - PEA
The PEA utilizes the same flow sheet developed for the Madsen feasibility study and will accommodate additional tailings with lifts of 2 to 4 metres to the polishing pond dams. Overall metallurgical recoveries for the mine plan are expected to be 96%, based on new test work conducted on recent drill core from the Russet South, Fork and Wedge deposits.

Capital Costs – PEA•
Total pre-production capital cost is estimated at $57 million, inclusive of a $7.1 million contingency. The total life of mine capex is $101 million, inclusive of incremental closure costs.

Underground mining and haulage use an owner-operator development model operating 365 days per year. LOM sustaining capital costs are estimated at $43 million with most of the costs associated with underground mine development.

Capital Costs	Pre-Production ($Millions)	Sustaining ($Millions)	Total ($Millions)
Mining	42	42	85
Site Development	1	-	1
Mineral Processing	-	-	-
Tailings Management	1	-	1
Site Services	3	-	3
Closure (less salvage)	-	1	1
Indirects	1	-	1
EPCM	1	-	1
Owner's Costs	1	-	1
Subtotal	**50**	**43**	**93**
Contingency	7	0	7
Total Capital Costs	**57***	**43***	**101***

**numbers may not add due to rounding*

Unit and total operating costs were estimated for the PEA over the life of the project. Operating costs were developed for mining, processing, and administration using the mine plan, incorporating development rates, labour, materials, consumables, and certain contract services.

Mine operating cost is estimated at $92/t processed. Processing costs are estimated at $32/t, general and administrative costs at $20/t processed.

Operating Costs - PEA

Operating Costs	$/t processed	US$/oz gold
Mining Cost	92	351
Processing Cost	32	122
G&A Cost	20	77
Refining, Transport and Royalties	2	7
Total Cash Cost[3]	**146**	**557**
Sustaining Capital (including closure)	41	155
All in Sustaining Cash Cost[4]	**187**	**712**

PEA Project Enhancement Opportunities
The PEA confirms that Fork, Russet South, and Wedge have the potential to be economically viable. While the PEA is based on a subset of the 206,000 ozs gold Indicated and 226,000 ozs gold Inferred at Russet South, Fork and Wedge, Pure Gold's exploration success to date demonstrates potential to add additional resources in each of these areas. Additionally, if existing resources were upgraded to indicated, it would allow the Company to study an opportunity for concurrent mining through an increase in throughput, though there is no certainty that resources will be upgraded to indicated or converted into reserves. Specific opportunities include:

- Exploration drilling with the goal of converting inferred resources to indicated and expanding the mineral resource including;
    - Expansion of the mineral resource at Russet South, where drilling in 2018 expanded the resource to a vertical depth of 330 metres below surface, including 19.0 g/t gold over 2.0 metres from drill hole PG18-504 and 35.9 g/t gold over 1.0 metre from drill hole PG18-537;[13]
    - Continued exploration and growth at Wedge, where strongly mineralized zones have been intersected at a vertical depth of 500 metres, and where recent results include 32.9 g/t gold over 1.7 metres from PG18-600 and 23.1 g/t gold over 2.0 metres from PG18-616; [14]
    - Deeper drilling at the Fork Footwall domain which shares the same geologic environment as the 8 Zone at the Madsen Deposit and has potential for growth of the altered and mineralized zone towards the plunge extents of the 8 Zone reserves. [15]

- Evaluation of concurrent mining with an opportunity to improve the production profile at Madsen and to allow for opportunities to mine the deeper resource at Russet South where 196,289 tonnes at a grade of 8.3 g/t gold was excluded from the 800 tpd mine plan.

Bulk Sample Program[16]
In late May 2018, Pure Gold initiated a bulk sample program designed to partially test two proposed stopes from the McVeigh zone. Test mining was completed in excellent ground conditions with approximately 242 metres of new lateral drive development completed near the base of the two proposed stopes at a depth of approximately 160 metres below surface, and the completion of 24 metres of vertical development in two raises. An important outcome of the test mining program was the recognition of the strong visual nature of the mineralization, including abundant visible gold, distinctive veining and alteration typical of the Red Lake mining district, allowing the team to efficiently mine higher grade mineralization with limited dilution.

Grade reconciliation reported is defined by muck samples collected in a regular pattern with five individual muck samples, averaging 2 kg each, taken from every second scoop bucket, resulting in one muck sample for every three tonnes of mining. Typically, each blast had an average of 25 muck samples collected, and

[13] See news release dated July 12, 2018 for additional information available under the Company's profile at www.Sedar.com or on the Company's website at www.puregoldmining.ca.
[14] See news release dated August 16, 2018 for additional information available under the Company's profile at www.Sedar.com or on the Company's website at www.puregoldmining.ca.
[15] See news release dated August 16, 2018 for additional information available under the Company's profile at www.Sedar.com or on the Company's website at www.puregoldmining.ca.
[16] See press release dated November 28, 2018 for complete details of the bulk sample program and underground drill results, available under the Company's profile at www.Sedar.com or on the Company's website at www.puregoldmining.ca.

all the samples from each round were averaged to confirm a particular rounds grade exceeded the 4.0 g/t gold cut-off. The average mining width over a total of 70 mining faces was 5.3 metres, with a maximum of twelve metres in true width, resulting in lower mining dilution and suggesting an opportunity locally for increased utilization of efficient bulk mining methods.

Reconciliation between mined material and the then mineral resource from the two proposed stopes was exceptionally strong, with actual tonnes equal to the predicted total at a 4.0 g/t gold cut-off, and actual grade exceeding predicted by 15%. When compared to initial, diluted stope designs for the two stoping areas, test mining achieved a 20% higher grade and 11% more ounces than predicted. Overall, test mining returned 56% more gold than predicted from the resource due to the mining of parallel structures in a third stoping area, discovered by close spaced drilling conducted from underground. The successful mining of these parallel structures highlights an opportunity for future growth and additional mining from delineation drilling from underground.

Mineralized material from the bulk sample has been stockpiled in a secure underground location at Madsen and is expected to provide future feed for mill commissioning.

Underground Drilling[16]

In concert with an extensive sampling program to characterize the mineralization during the bulk sample, the drift walls were tested each round with a core drill to identify potential for additional mineralization. EW-sized (2.5cm) core drill holes were drilled with a Bazooka air drill with holes averaging 13 metres in length. This underground drill program was highly successful, identifying additional mineralized structures outside of, but in close proximity to new mine development. Three of these tested structures have been partly mined along with the current bulk sample. Many of the structures remain open and demonstrate continuity providing opportunities to be incorporated into a future mine plan.

Non-GAAP Measures and Other Financial Measures

Alternative performance measures are furnished to provide additional information. These non-GAAP performance measures are included in this MD&A because these statistics are key performance measures that management uses to monitor performance, to assess how the Company is performing, to plan and to assess the overall effectiveness and efficiency of mining operations. These performance measures do not have a standard meaning within International Financial Reporting Standards ("IFRS") and, therefore, amounts presented may not be comparable to similar data presented by other mining companies. These performance measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Exploration and development during the nine months ended December 31, 2018

The Company had an original budget (the "2018-2019 Program") of $18.1 million for its exploration and development activities for the period May 2018 through June 2019. This budget was initially anticipated to see the Company through completion of the feasibility study and assuming a positive production decision, through permitting. Specifically, this program was designed to:

1. *Geology and Exploration*
   - Continue drilling the mineralized zones from surface and underground to increase confidence of the mineral resource. The program was to include 33,200 metres of total drilling including 5,000 metres from underground and 28,200 from surface targeting Russet South and the new Wedge Target;
   - Continue with the current surface drilling program targeting high prospectivity areas to grow the overall resource base including the expansion of known resources and addition of the Fork, Russet South and Wedge deposits;
   - Update the geological modelling and mineral resource estimate to incorporate new data and the Fork, Russet South and Wedge deposits; and
   - Continue detailed surface and underground geological mapping to refine understanding of structural setting and characterize mineralization.

2. *Underground Development and Rehabilitation*
   - Extend ramp development to allow for access to mineralized structure and rehabilitate 2 level for drilling;

- Continue geotechnical/rock mechanics study to determine ground support requirements for development headings and stoping areas;
- Continue to establish and confirm underground and mine grid survey control;
- Drift and raise on mineralized structure to establish lateral and vertical continuity; and
- Test mine through the mining of a bulk sample.

3. *Feasibility Level Study*
    - Complete feasibility level studies including further engineering studies and design work, including metallurgical and mill optimization.

4. *Reserve and Resource Estimates*
    - Complete a reserve estimate for Madsen and plan to update resource estimates for the Fork, Russet South and Wedge deposits (Fork and Russet South) including a first ever resource estimate for the Wedge Deposit.

5. *Environmental and Permitting*
    - Continue environmental baseline studies;
    - Continue to advance permitting amendments including mine closure plan if required for ramp and development advancement; and
    - Continue to advance discussions with First Nations, working towards a project benefits agreement.

6. *Engineering Studies for the Fork, Russet South and Wedge Deposits*
    - Commence engineering studies to begin to evaluate the potential impact the Fork, Russet South and Wedge deposits may have on the production profile at Madsen; and
    - Complete a PEA on the Fork, Russet South and Wedge deposits to be announced concurrent with the feasibility study

During the nine months ended December 31, 2018, the Company advanced a number of its key objectives for the 2018-2019 Program and by February 2019 the Company had completed key milestones as described above including: completing the underground test mining program; issuing a new global mineral resource estimate for the Madsen deposit and the Fork, Russet South and Wedge deposits; completing a feasibility study on the Madsen deposit including outlining probable reserves; releasing a PEA on the Fork, Russet South and Wedge deposits; and completing a total of 18,245 metres of exploration drilling from surface and 1,984 metres from underground.

The Company has made significant progress advancing discussions with First Nations and is preparing to submit its permit applications to regulators in the coming weeks.

During the nine months ended December 31, 2018, the Company spent a total of $19.4 million on exploration and development activities compared to a budget for the same period of $18.1 million, with the variance primarily attributed to the increased cost of the feasibility study which took longer than originally estimated and the bulk sample, partially offset by fewer metres of exploration drilling from surface than budgeted.

<u>Other Mineral Property Interests</u>

On March 12, 2018, the Company signed an option agreement with KG Exploration Canada Inc. ("Kinross") a subsidiary of Kinross Gold Corp. whereby Kinross has the option to acquire up to a 70% interest in the Company's Van Horne property. To earn its 70% interest Kinross must spend a total of $4 million on Van Horne over a four-year period and pay to Pure Gold $100,000 ,with a committed minimum of $750,000 in year one. Pure Gold has agreed to operate in year one.

Phase 1, consisted of a 1,100 metre drill program and 736 line-km helicopter based magnetic survey, was developed with a budget of approximately $515,000. This program was completed during April and May 2018, at a total cost of $473,000.

Subsequently, Kinross approved a Phase 2 and Phase 3 budget totaling approximately $236,000 and $148,000 respectively. Phase 2, completed in May and June 2018 at a cost of $182,000, consisted of soil sampling, geological mapping and prospecting, while Phase 3 consisted of additional geological mapping and target development and was completed in August 2018 at a cost of $236,000.

Kinross has advised the Company that it will directly manage the exploration program at Van Horne in 2019. A budget of $1 million has been planned by Kinross for 2019.

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.

The Company's policy is to expense all exploration and evaluation expenditures relating to our mineral exploration property interests.

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 December 31, 2018 and March 31, 2018, Pure Gold had one geographic location being Canada. Information discussed herein reflects the Company as a consolidated entity, consistent with our determination that tone 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 nine months ended December 31, 2018, and years ended March 31, 2018 and March 31, 2017 respectively:

	For the nine months ended December 31, 2018		For the year ended March 31, 2018		For the year ended March 31, 2017	
Total Revenue	**$**	**-**	$	-	$	-
Exploration and evaluation expenditures	**$**	**19,360,713**	$	26,343,021	$	22,897,880
Net loss for the year attributable to shareholders	**$**	**21,901,184**	$	26,161,068	$	24,532,025
Total comprehensive loss for the year	**$**	**21,901,184**	$	26,161,068	$	24,982,799
Basic and Diluted Loss per Share	**$**	**(0.09)**	$	(0.13)	$	(0.15)

Fiscal period ended December 31, 2018 vs. fiscal year ended March 31, 2018

Net losses totalled $21.9 million for the nine months ended December 31, 2018, compared to $26.2 million for the year ended March 31, 2018. The most significant contributors to the loss for the nine months ended December 31, 2018 and year ended March 31, 2018 were (i) exploration and evaluation expenditures, (ii) wages, consulting and directors' fees (iii) office and rent expenses (iv) investor relations and communication expenditures (v) professional fees and (vi) non-cash share-based compensation expense. Explanations for material variances are described below:

The Company's exploration and development activities at Madsen during the nine-month period ended December 31, 2018 included continued surface exploration drilling, the commencement and completion of the bulk sample program, and continued work on the feasibility study. During the year ended March 31, 2018, the Company was conducting a large-scale surface and underground drilling program, conducting engineering studies associated with the PEA, and commenced the feasibility study.

Wages, consulting and director's fees were $1.2 million for the nine months ended March 31, 2018 compared to $1.4 million for the year ended March 31, 2018. The amount for the nine-month period ended December 31, 2018 reflects employee bonuses paid in December 2018 totalling $0.3 million and otherwise reflects a nine-month operating period compared to the prior year.

Office and rent costs were $0.5 million for the nine months ended December 31, 2018 compared to $0.6 million for the year ended March 31, 2018, consistent with a nine-month period of activity as compared to the year ended March 31, 2018.

Investor relations and communication expenditures were $0.3 million for the nine months ended December 31, 2018 compared to $0.6 million for the year ended March 31, 2018. The year ended March 31, 2018 amount reflects the costs of conferences and marketing activities which typically occur in January and February of each year that are not otherwise reflected in the year ended December 31, 2018 balance.

Professional fees were $0.6 million for the nine months ended December 31, 2018 compared to $0.2 million for the year ended March 31, 2018. Professional fees have increased as the Company engaged financial advisors to evaluate its various strategic alternatives and identify and engage potential project finance partners. Additionally, the Company embarked on an Enterprise Resource Planning software implementation in preparation for potential mining operations at Madsen.

Share-based compensation expense was lower at $0.8 million for the nine months ended December 31, 2018 compared to $1.5 million for the year ended March 31, 2018, reflecting a fewer number of days of vesting of outstanding options. In additions there were fewer options granted in the nine months ended December 31, 2018 compared to the 12 months ended March 31, 2018.

Share-based compensation expense relates to grants from current and previous periods in which stock options were granted to directors, employees, and consultants. During the nine months ended December 31, 2018, the Company granted 0.3 million stock options with a weighted average exercise price of $0.65 compared to 5.5 million stock options with a weighted average exercise price of $0.49 during the year ended March 31, 2018. Stock options granted to 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, while director grants vest immediately on grant with the corresponding expenses recognized at the time of grant.

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 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.

Fiscal year ended March 31, 2018 vs. fiscal year ended March 31, 2017

Net losses totaled $26.2 million for the fiscal year ended March 31, 2018, compared to $24.5 million for the same period in the prior year. The most significant contributors to the loss for fiscal years ended March 31, 2018 and 2017 were (i) exploration and evaluation expenditures, (ii) wages, consulting and director's fees (iii) office and rent expenses (iv) investor relations and communication expenditures (v) professional fees and (vi) non-cash share-based compensation expense. Explanations for material variances are described below:

Fiscal 2018 saw increased exploration and evaluation expenditures due to the additional cost of deep surface drilling, underground drilling, the historical core re-logging program, the re-establishment of services to the portal and ramp, the completion of underground development in preparation for the bulk sample and the completion of two resource estimates, a PEA and the commencement of the feasibility study. In fiscal 2017, the Company's exploration activities were primarily focussed on surface drilling.

Wages, consulting and director's fees increased to $1.4 million for the fiscal year ended March 31, 2018 compared to $1.1 million incurred for fiscal 2017, primarily due to a review of director compensation.

Office and rent costs increased by 32% to $0.6 million for fiscal 2018 compared to $0.5 million in fiscal 2017, primarily as a result of an increase in the Company's head office rent due to additional space required to accommodate additional staff and consultants.

Investor relations and communication expenditures increased slightly to $0.6 million for the fiscal year ended March 31, 2018 compared to $0.5 million for fiscal 2017. The Company continued to market the Company to support its financing initiatives.

Professional fees decreased slightly to $0.2 million during the year ended March 31, 2018 compared to $0.3 million in the same period in the prior year.

Share-based compensation expense increased to $1.5 million for fiscal 2018 compared to $0.9 million for the same period in the prior year, reflecting the higher fair market value of options issued in recent periods. In addition, the forfeiture of 1,035,002 unvested options during fiscal 2017 resulted in a reversal of share-based compensation expense. There were minimal forfeitures of options in the current year.

Share-based compensation expense relates to grants from current and previous periods in which stock options were granted to directors, employees, and consultants. During the fiscal year ended March 31, 2018, the Company granted 5.5 million stock options with a weighted average exercise price of $0.49 compared to 5.5 million stock options with a weighted average exercise price of $0.48 in fiscal 2017. Stock options granted to 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, while director grants vest immediately on grant with the corresponding expenses recognized at the time of grant.

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 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.

Financial Position

The following financial data are derived from our Annual Financial Statements for the fiscal years ended December 31, 2018 and March 31, 2018:

	As at December 31, 2018	As at March 31, 2018
Total assets	**$ 20.9 million**	$ 24.7 million
Current liabilities	**$ 1.0 million**	$ 3.3 million
Non-current liabilities	**$ 2.4 million**	$ 2.4 million
Cash dividends declared	**$ -**	$ -

Total assets decreased by $3.8 million as at December 31, 2018 in comparison to March 31, 2018 due to the outflow of cash primarily due to cash operating expenditures totalling $23.2 million, partially offset by net proceeds received from the May 2018 financing of $19.8 million.

Total assets decreased by $10.6 million as at March 31, 2018 in comparison to March 31, 2017 due to the outflow of cash due to cash operating expenditures totalling $27.7 million, partially offset by net proceeds received from the November 1, 2017 financing of $17.8 million.

At December 31, 2018 we had not completed feasibility studies to determine whether any of our exploration properties contain resources that are economically recoverable. At December 31, 2018, 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, through a positive feasibility study and board approval to proceed with development, these costs 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 to $1.0 million at December 31, 2018 in comparison to $3.3 million at March 31, 2018. Accounts payable and accrued liabilities decreased as a result of the timing of activities and accounts payable payments. In addition, the remaining portion of the two flow-through share premium liabilities recognized at March 31, 2018 in relation to the November 2017 financing were reversed and recognized as a deferred tax recovery in the consolidated statement of loss and comprehensive loss for the nine months ended December 31, 2018.

There was no significant change to non-current liabilities between December 31, 2018, March 31, 2018 and March 31, 2017 as this liability for all three years related to the long-term closure liability at Madsen.

Shareholders' Equity

On May 24, 2018, the Company closed a bought deal private placement (the "Offering") and concurrent non-brokered private placement (the "Anglogold Private Placement" and together with the Offering, the "Transactions").

Pursuant to the Offering, the Company issued a total of 16,130,000 units of the Company (the "Units"), at a price of $0.62 per Unit, for gross proceeds of $10,000,600, and 4,000,000 common shares of the Company issued on a flow-through basis (the "FT Shares"), at a price of $0.75 per FT Share, for gross proceeds of $3,000,000, for aggregate gross proceeds from the Offering of $13,000,600.

Each Unit consisted of one common share of the Company (a "Unit Share") and one-half of one common share purchase warrant (each whole common share purchase warrant, a "Warrant"). Each Warrant is transferable and entitles the holder to acquire one common share of the Company until May 24, 2020 at a price of $0.85.

Pursuant to the Anglogold Private Placement, Anglogold Ashanti Limited ("Anglogold") purchased 12,800,000 Units at a price of $0.62 per Unit for gross proceeds of $7,936,000, on a non-brokered private placement basis, increasing its ownership percentage in the Company to 14.9% of the common shares issued and outstanding on a non-diluted basis.

In addition, during the nine months ended December 31, 2018, the Company issued 91,666 common shares upon the exercise of stock options by employees at a weighted average exercise price of approximately $0.22 per share.

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 and should be read in conjunction with the Annual Financial Statements of Pure Gold and the interim condensed consolidated financial statements for each of the past eight quarters which have been prepared in accordance with IFRS applicable to interim financial reporting including IAS 34. Consistent with the preparation and presentation in our Annual Financial Statements, these unaudited quarterly results are presented in Canadian dollars.

	For the three months ended (000's except per share data)							
	Dec 31, 2018	**Sep 30, 2018**	**Jun 30, 2018**	**Mar 31, 2018**	**Dec 31, 2017**	**Sep 30, 2017**	**Jun 30, 2017**	**Mar 31, 2017**
Total revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total expenses	$6,491	$8,192	$8,203	$8,745	$7,001	$7,428	$7,606	$8,450
Net loss For the period	$6,104	$8,102	$7,695	$7,197	$3,976	$7,415	$7,573	$7,505
Total comprehensive loss for the period	$6,104	$8,102	$7,695	$7,197	$3,976	$7,415	$7,573	$7,505
Basic and diluted loss per share	$0.02	$0.03	$0.03	$0.03	$0.02	$0.04	$0.04	$0.04

The Company's net loss for the quarter ended December 31, 2018 decreased by 25% compared to the net loss for the quarter ended September 30, 2018, while total expenses decreased by 21%. The decrease in expenses is primarily due to the completion of the bulk sample program in November 2018, and fewer metres of surface exploration drilling (2,789 metres compared to 4,836 metres) in the quarter ended September 30, 2018. The net loss for the quarter ended December 31, 2018 was also reduced due to a $0.4 million deferred income tax recovery from the reversal of the flow-through share premium liability recognized in relation to the May 2018 financing as the expenditures were completed and renounced during the quarter.

The Company's net loss for the quarter ended September 30, 2018 increased by 5% compared to the net loss for the quarter ended June 30, 2018, while total expenses remained steady from the previous quarter. Exploration expenditures in the quarter ended September 30, 2018 were comprised of increased expenses related to the feasibility study and bulk sample program, and 4,836 metres of surface exploration drilling, while expenditures in the quarter ended June 30, 2018 included 10,621 metres of surface drilling. The net loss for the quarter ended June 30, 2018 was reduced due to a $0.4 million deferred income tax recovery from the reversal of the remaining flow-through share premium liabilities recognized in relation to the November 2017 financing as the expenditures were completed during the quarter.

The Company's net loss for the quarter ended June 30, 2018 increased by 7% compared to the net loss for the quarter ended March 31, 2018, while total expenses decreased by 6%. The decrease in expenses is primarily due to the decrease in exploration and evaluation expenditures of $0.3 million due to fewer metres drilled in the quarter ended June 30, 2018, partially offset by additional expenditures related to the bulk sample program and feasibility study, as well as a $0.1 million decrease in investor relations expenditures. The net loss for the quarter ended March 31, 2018 was reduced due to a $1.5 million deferred income tax recovery from the partial reversal of the two flow-through share premium liabilities recognized in relation to the November 2017 financing as the expenditures were renounced in February 2018. The net loss for the quarter ended June 30, 2018 was reduced due to a $0.4 million deferred income tax recovery from the reversal of the remaining flow-through share premium liabilities recognized in relation to the November 2017 financing as the expenditures were completed during the quarter.

The Company's net loss for the quarter ended March 31, 2018 increased by 81% compared to the net loss for the quarter ended December 31, 2017, while total expenses increased by 25%. The increase in expenses is primarily due to the increase in exploration and evaluation expenditures of $2.2 million due to additional metres drilled in the quarter ended March 31, 2018, as well as expenditures related to the feasibility study which commenced in December 2017, partially offset by a $0.6 million decrease in share-based compensation. The net loss for the quarter ended March 31, 2018 was reduced due to a $1.5 million deferred income tax recovery from the partial reversal of the two flow-through share premium liabilities recognized in relation to the November 2017 financing as the expenditures were renounced in February 2018. The net loss for the quarter ended December 31, 2017 was reduced due to a $3.0 million deferred income tax recovery from the reversal of the flow-through share premium liability recognized in relation to the February 2017 financing as the expenditures were completed and renounced in calendar 2017.

The Company's net loss for the quarter ended December 31, 2017 decreased by 47% compared to the net loss for the quarter ended September 30, 2017, while total expenses decreased 6%. The decrease in expenses is primarily due to the completion of the Company's 2017 drilling program in early December, leading to a reduction in exploration and evaluation expenditures of $1.2 million, partially offset by a $0.6 million increase in share-based compensation. The net loss for the quarter ended December 31, 2017 was reduced due to a $3.0 million deferred income tax recovery from the reversal of the flow-through share premium liability recognized in relation to the February 2017 financing as the expenditures were completed and renounced in calendar 2017.

The Company's net loss for the quarter ended September 30, 2017 decreased by 2% compared to the net loss for the quarter ended June 30, 2017, while total expenses decreased 2%. The decrease in expenses is primarily due to a reduction in exploration and evaluation expenditures of $0.3 million. The reduction is a result of fewer metres drilled due to the near completion of the 70,000 metre Phase I exploration program, leading to a $1.5 million decrease in drilling expenditures during the quarter. This decrease was partially offset by an increase in engineering expenditures of $0.9 million in relation to work underground at the Madsen Portal, as well as an increase of $0.3 million in expenditures on the historical core capture program.

The Company's net loss for the quarter ended June 30, 2017 increased 1% compared to the net loss for the quarter ended March 31, 2017, while total expenses decreased 10%. The decrease in expenses is primarily due to a reduction in metres drilled due to the focus during the current quarter of the 70,000 metre Phase I exploration program on testing deeper targets, resulting in a $0.8 million decrease in exploration and evaluation expenditures from the previous quarter. The net loss for the quarter ended March 31, 2017 was reduced due to a $0.9 million deferred income tax recovery from the reversal of the Flow Through Share premium liability recognized in relation to the June 2016 Flow Through Share financing as the expenditures were completed in calendar 2016 and renounced in January 2017.

The Company's net loss for the quarter ended March 31, 2017 increased 9% compared to the net loss for the quarter ended December 31, 2016, while total expenses increased 22%. The increase in expenses was primarily due to the commencement of the 70,000 metre Phase I exploration program in January 2017, while the Company's 2016 drilling program was completed in early December 2016, resulting in a $2.0 million increase in exploration and evaluation expenditures from the previous quarter. This increase was partially offset by a decrease in share-based compensation expense of $0.4 million due to the issuance of 1.8 million stock options with a fair value of $0.31 per option in December 2016 to the Company's non-executive directors, which vested immediately. The net loss for the quarter ended March 31, 2017 was reduced due to a $0.9 million deferred income tax recovery from the reversal of the Flow Through Share premium liability recognized in relation to the June 2016 Flow Through Share financing as the expenditures were completed in calendar 2016 and renounced in January 2017.

Fourth Quarter Results

During the quarter ended December 31, 2018, the Company incurred a loss of $6.1 million. The most significant items contributing to this loss were exploration and evaluation expenditures of $4.9 million; wages, consulting and director's fees of $0.6 million; and share-based compensation expense of $0.3 million.

Offsetting expenses for the quarter was the recognition of a $0.4 million deferred income tax recovery on the reversal of the flow through share premium liability recognized in relation to the May 2018 financing, as the Company completed the expenditures and filed its renunciation forms in December 2018.

Liquidity and Capital Resources

As at the date of this MD&A, the Company has approximately $2.4 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 $2.5 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.

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

Pure Gold tries to adjust its capital structure based on available funds in order to support acquisition, exploration and development of its mineral properties. The Madsen Gold Project is the Company's only property with a positive feasibility study, but it has not yet been developed or constructed. We are wholly 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 dated March 20, 2019 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.

Historically the Company has had operating losses and negative cash flows from operations while positive cash inflows were a result of primarily equity financings. Whether, and when, the Company can attain profitability and positive cash flows from operations is uncertain. The Company is also uncertain whether it can obtain financing to complete the development and construction of Madsen. These uncertainties may impact the Company's ability to continue as a going concern.

The Company will need to raise capital in order to fund its operations. The recently issued feasibility study indicated a minimum of $95 million in capital was required to build Madsen plus an amount for non-project general and administrative expenses, currently estimated at approximately $3 million per annum, though the Company is working on improving the estimate for this amount. This need may be adversely impacted by: uncertain market conditions, approval by regulatory bodies, and uncertain reactions to the Company's feasibility study. To address its financing requirements, the company may seek financing through debt and equity financings, or other financial strategies common in the mining industry such as a royalty sale or metal stream.

Subsequent to year-end, the Company announced a financing totaling $4.5 million. While this amount is insufficient to put Madsen into production, the funds allow the Company to further continue some of its planned development activities and if managed, would allow the Company to meet any short-term obligations for the next year. This funding will also allow management the opportunity to seek out the additional funds needed to put Madsen into production. The outcome of these matters cannot be predicted at this time.

Contractual Obligations

Mineral Properties

Pure Gold has no commitments for material capital expenditures as of December 31, 2018. All other active contracts are in the normal course for work to be conducted at Madsen.

Management and Technical Services Agreement

The Company has entered into an Amended 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 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 subject to Pure Gold being liable for its share of committed lease costs and contractual obligations entered into on its behalf by Oxygen, as well as an amount equal to the average general and administrative monthly costs incurred under the Agreement for the previous six month period, and any employee termination fees due under the Agreement as a result of the termination as such term is defined under the Agreement. The amount pertaining to the non-cancellable head office lease is included in the table below.

Flow-Through Share Obligation

As at December 31, 2018, the Company had incurred the full $6.3 million in qualifying resource expenditures pursuant to the November 2017 financing Super FT Shares, and the full $5.2 million in qualifying resource expenditures pursuant to the FT Shares. The Company has reversed the remaining portion of the Super FT Share and FT Share flow-through liabilities and recognized a deferred tax recovery in the Company's consolidated statement of loss and comprehensive loss for the nine months ended December 31, 2018.

As at December 31, 2018, the Company had incurred the full $3.0 million in qualifying resource expenditures relating to the May 2018 financing FT Shares. The Company has reversed the remaining portion of the May 2018 financing FT Share flow-through liabilities and recognized a deferred tax recovery in the Company's consolidated statement of loss and comprehensive loss for the nine months ended December 31, 2018.

Leases

Madsen Equipment Leases

The Company has committed to a finance lease with a third party for industrial fans used underground at the Madsen Gold Project. The lease commenced on May 30, 2018 with a term of 12 months, at which time the Company has the option to purchase the equipment. The lease has an implicit interest rate of 1.7%

The Company is also committed to its share of an office lease pursuant to the Oxygen Agreement.

The future minimum lease payments committed to by the Company at December 31, 2018 are as follows:

Calendar	Head Office Lease	Equipment Finance Leases
2019	$ 284,491	$ 4,520
2020	286,846	-
2021	293,910	-
2022	293,910	-
2023	220,432	-
Total	**$ 1,379,589**	**$ 4,520**

Surety Bonds

In December 2017, the Company entered into an agreement with a third-party (the **"Surety"**) to replace $2.4 million of its existing reclamation deposits with surety bonds of the same amount. The bonds are held in favour of the Minister of Northern Development and Mines of Ontario (the "**MNDM**") as financial support for environmental reclamation and exploration permitting. The surety bonds are secured by a $1.3 million deposit (as at the date of this MD&A) and are subject to fees competitively determined in the market place. The obligations associated with these instruments are generally related to performance requirements that the Company addresses through its ongoing operations. As specific requirements are met, the MNDM as beneficiary of the bonds will return the bonds to the issuing entity. As these instruments are associated with ongoing and active exploration properties, they will remain outstanding until the earlier of the date that the Company has discharged its remediation obligations or determines to self-fund the underlying bonding obligations. The Company has agreed to indemnify the Surety against any and all losses, fees, costs and expenses of any kind and nature which the Surety might sustain or incur upon the execution of surety bonds issued.

During the nine months ended December 31, 2018, the Company increased its surety bond amount by $20,000, reflecting a small increase to the cost of the advanced exploration Closure Plan on file with the MNDM.

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as defined by NI 51-102 requirements as at December 31, 2018 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 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, 2018, Oxygen holds a refundable deposit of $0.3 million (March 31, 2018 - $0.3 million), on behalf of the Company. During the fiscalperiodended December 31, 2018, a total of $1.5 million (March 31, 2018 - $1.6 million) was paid or accrued to Oxygen as a reimbursement of costs incurred by Oxygen on behalf of the Company. As of December 31, 2018, the Company held a payable amount to Oxygen of $0.1 million (March 31, 2018 - $0.1 million). This amount was paid subsequent to December 31, 2018.

Compensation of Key Management Personnel

Key management includes members of the Board, the President and Chief Executive Officer, the VP of Exploration, the VP of Operations, the Chief Financial Officer 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, 2018	Twelve months ended March 31, 2018
President and Chief Executive Officer	Salary	$371,250	$325,000
Chief Financial Officer	Salary	$241,500	$235,000
Vice President of Exploration	Salary	$241,500	$252,000
Vice President, Operations	Salary	$241,500	$242,500
Directors	Directorship	$307,500	$410,000
Total		**$1,403,250**	**$1,464,500**

Share-based compensation issued to key management personnel during the fiscal period ended December 31, 2018 totaled $0.5 million (March 31, 2018 - $1.2 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.

New Pronouncements

New, Amended and Future IFRS Pronouncements

The Company prepares its consolidated financial statements in accordance with IFRS and interpretations of the IFRIC as issued by the IASB. The effects of the adoption of new, amended and future IFRS pronouncements are discussed below:

Details of new accounting standards, effective for reporting periods beginning April 1, 2018 and January 1, 2019, are found in Note 3 of the Annual Financial Statements.

<u>IFRS 9 – Financial Instruments</u>

On April 1, 2018 the Company adopted IFRS 9 – Financial Instruments (“IFRS 9”) which replaced 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. The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of financial assets and liabilities at April 1, 2018:

Account	IAS 39 Classification	IFRS 9 Classification
Cash	Loans and Receivables	Amortized Cost
Sales taxes receivable	Loans and Receivables	Amortized Cost
Other receivables	Loans and Receivables	Amortized Cost
Deposits	Loans and Receivables	Amortized Cost
Trade payables	Other Financial Liabilities	Amortized Cost
Accrued liabilities	Other Financial Liabilities	Amortized Cost

The standard had no impact on the carrying value of the Company’s financial instruments at the transition date.

<u>IFRS 16 – Leases</u>

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 plans to adopt IFRS 16 at the date it becomes effective and has selected the modified retrospective transition approach. The optional exemptions to not recognize certain short-term and low value leases will be applied. The Company expects to recognize a right of use asset and lease liability related to the Company’s head office lease, and does not expect the standard to have a material impact on the consolidated statements of loss and comprehensive loss.

Significant Accounting Judgments, Estimates and Assumptions

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) 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, 2018, 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 must 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) Decommissioning, Restoration and Similar Liabilities

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements and 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 December 31, 2018, the Company had cash of $4.3 million (March 31, 2018 - $7.4 million) and short-term investments of $23,000 (March 31, 2018 - $23,000) to settle current liabilities of $1.0 million (March 31, 2018 - $3.3 million).

As at December 31, 2018, the Company has no source of positive operating cash flows and has not yet achieved profitable operations. The Company has incurred negative cash flows from operations of $23.2 million and a loss of $21.9 million for the nine months ended December 31, 2018 and expects to incur further losses in carrying out its planned business objectives.

Subsequent to year-end, the Company announced a financing totaling $4.5 million. While this amount is insufficient to put Madsen into production, the funds allow the Company to further continue some of its planned development activities and if managed, would allow the Company to meet any short-term obligations for the next year.

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 and short-term investments include deposits which are at variable interest rates. For the nine months ended December 31, 2018 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 $0.1 million.

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 adjusts 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 March 20, 2019 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	257,251,050	N/A	N/A
Stock Options	2,800,000	$0.35	April 8, 2019
	200,000	$0.35	February 10, 2020
	650,000	$0.28	March 19, 2020
	50,000	$0.11	December 3, 2020
	2,700,000	$0.11	December 11, 2020
	400,000	$0.63	May 26, 2021
	300,000	$0.72	October 11, 2021
	75,000	$0.72	November 14, 2021
	4,645,000	$0.44	December 21, 2021
	200,000	$0.54	June 16, 2022
	100,000	$0.54	July 24, 2022
	5,170,000	$0.49	December 15, 2022
	50,000	$0.65	June 5, 2023
	200,000	$0.65	June 11, 2023
Warrants	14,465,000	$0.85	May 24, 2020
Fully Diluted	289,256,050		

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 dated March 20, 2019, 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 and debt financing for the purposes of mineral exploration and development. There are also significant uncertainties relating to the global economy, increased volatility and general changes in the prices of gold and other precious which may impact our business going forward.

More specifically, while the ongoing 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 December 31, 2018 and March 31, 2018 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

Other than disclosed above, the following items of financial significance occurred after December 31, 2018:

i) 730,000 stock options with an exercise price of $0.35, 150,000 stock options with an exercise price of $0.32, and 30,000 stock options with an exercise price of $0.11 were exercised by employees and consultants between March 4, 2019 and March 19, 2019 for total proceeds of $306,800.

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 December 31, 2018 (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 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

Except for 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 report:

"**Madsen Gold Project Technical Report Feasibility Study For The Madsen Deposit and Preliminary Economic Assessment For The Fork, Russet South and Wedge Deposits, Red Lake, Ontario, Canada** ", effective February 5, 2019, and dated March 21, 2019, filed under the Company's profile on SEDAR at www.sedar.com (the "**Madsen Technical Report**") and available on the Company's website at www.puregoldmining.ca.

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 in part 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.

The disclosure in this MD&A uses mineral resource and mineral reserve classification terms for the Madsen Gold Project that comply with Canadian securities laws that differ in certain material respects from the requirements of United States securities laws. Disclosure has been made in accordance with Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"). The NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. These standards differ significantly from the disclosure requirements of the SEC. Additional disclosure and cautionary notes relating to Madsen are summarized in our AIF, available on Pure Gold's SEDAR profile at www.sedar.com.

The SEC's disclosure standards normally do not permit the inclusion of information concerning "measured mineral resources", "indicated mineral resources" or "inferred mineral resources" in documents filed with the SEC, unless such information is required to be disclosed by the law of the Company's jurisdiction of incorporation or of a jurisdiction in which its securities are traded. Consequently, mineral resource and mineral reserve information contained in this MD&A is not comparable to similar information that would generally be disclosed by U.S. companies in accordance with the rules of the SEC.

The SEC's Industry Guide 7 applies different standards in order to classify mineralization as a reserve. As a result, the definitions of proven and probable reserves used in NI 43-101 differ from the definitions in Industry Guide 7. Under SEC standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Accordingly, mineral reserve estimates contained in this MD&A may not qualify as "reserves" under SEC standards.

This MD&A uses the terms "measured mineral resources", "indicated mineral resources" and "inferred mineral resources" to comply with the reporting standards in Canada. The SEC's Industry Guide 7 does not recognize these terms and U.S. companies are generally not permitted to use these terms in documents they file with the SEC. Investors are cautioned not to assume that any part or all the mineral deposits in these categories will ever be converted into SEC defined mineral "reserves." Further, "inferred mineral resources" have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically.

Therefore, investors are also cautioned not to assume that all or any part of an inferred mineral resource exists. In accordance with reporting standards in Canada, estimates of "inferred mineral resources" cannot form the basis of feasibility or other economic studies, except in rare cases. In addition, disclosure of "contained ounces" or "contained pounds" in a mineral resource estimate is permitted disclosure under NI 43-101 provided that the grade or quality and the quantity of each category is stated; however, the SEC normally only permits issuers to report mineralization that does not constitute "reserves" by SEC standards as in place tonnage and grade without reference to unit measures. Accordingly, information concerning descriptions of mineralization and resources contained in this Management's Discussion and Analysis may not be comparable to information made public by US domestic companies subject to the reporting and disclosure requirements of the SEC.

Phil 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 and properties and statements with respect to those that address potential quantity and/or grade of minerals, potential size and expansion of a mineralized zone, proposed timing of exploration and development plans, the growth potential of the Madsen Gold Project and opportunities for scalability, the potential to increase after-tax net present value to the Madsen Gold Project, the potential for Russet South, Fork and Wedge to be economically viable, planned mining methods, mineral processing and sources of power, expected annual production, potential profitability of the Madsen Gold Project at lower metal prices, expected capital costs, expected IRR, anticipated permitting requirements and timing thereof, expected development schedule, potential conversion of inferred resources to measured and indicated resources, potential extension and expansion of mineral resources and the focus of the Company in the coming months, as well as specific historic data associated with and drill results from those properties, and the reliance on technical information provided by 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 has 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