Pure Gold Mining Inc.

Consolidated Financial Statements

For the nine month period ended December 31, 2018
and the year ended March 31, 2018

(Expressed in Canadian Dollars Unless Noted Otherwise)

Independent auditor's report

To the Shareholders of Pure Gold Mining Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Pure Gold Mining Inc. and its subsidiary (together, the Company) as at December 31, 2018 and March 31, 2018 and its financial performance and its cash flows for the nine-month period December 31, 2018 and for the year ended March 31, 2018 in accordance with International Financial Reporting Standards (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2018 and March 31, 2018;
- the consolidated statements of loss and other comprehensive loss for the nine-month period ended December 31, 2018 and for the year ended March 31, 2018;
- the consolidated statements of changes in equity for the nine-month period ended December 31, 2018 and for the year ended March 31, 2018;
- the consolidated statements of cash flows for the nine-month period ended December 31, 2018 and for the year ended March 31, 2018; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Dean Larocque.

"(signed) PricewaterhouseCoopers LLP"

Chartered Professional Accountants

Vancouver, British Columbia
March 20, 2019

Pure Gold Mining Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars Unless Noted Otherwise)

	As at December 31, 2018	As at March 31, 2018
ASSETS		
Current Assets		
Cash	$ 4,254,624	$ 7,420,078
Short-term investments *(Note 5)*	23,000	23,000
Amounts receivable *(Note 6)*	309,686	684,873
Prepaid expenses *(Note 7)*	289,397	434,841
Interest receivable	176	216
	4,876,883	8,563,008
Non-current Assets		
Exploration and evaluation asset acquisition costs *(Note 8a)*	7,846,101	7,818,750
Property, plant and equipment *(Note 9)*	6,520,902	6,539,778
Reclamation deposits *(Note 10)*	1,322,799	1,434,735
Deposits *(Note 13)*	305,280	305,280
Total Assets	$ 20,871,965	$ 24,661,551
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	$ 1,019,408	$ 2,664,211
Flow-through premium liability *(Note 15c)*	-	402,506
Provisions *(Note 10 and 15d)*	-	251,053
	1,019,408	3,317,770
Non-current Liabilities		
Provision for closure and reclamation *(Note 11)*	2,438,919	2,372,958
Total Liabilities	3,458,327	5,690,728
Equity		
Share capital *(Note 12a)*	107,996,948	90,066,272
Equity reserves *(Note 12c and Note 12d)*	10,552,337	8,139,014
Accumulated deficit	(101,135,647)	(79,234,463)
Total Equity	17,413,638	18,970,823
Total Liabilities and Equity	$ 20,871,965	$ 24,661,551

Change in Year End *(Note 2)*
Commitments & Contingencies *(Note 15)*

Approved by the Board of Directors on March 20, 2019:

"Graeme Currie", Chairman

"Lenard Boggio", Director

- See Accompanying Notes to the Consolidated Financial Statements -

Pure Gold Mining Inc.

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars Unless Noted Otherwise)

	For the Nine Months Ended December 31, 2018	For the Twelve Months Ended March 31, 2018
Expenses		
Exploration and evaluation expenditures *(Note 8b)*	$ 19,360,713	$ 26,343,021
Wages, consulting and director fees	1,205,473	1,370,715
Share-based compensation *(Note 12d)*	835,346	1,528,798
Professional fees	592,019	214,876
Office and rent	474,079	620,168
Investor relations and communication	255,327	615,431
Listing and filing fees	129,088	50,537
Administrative travel	26,545	25,035
Depreciation	7,392	12,133
Total Expenses	(22,885,982)	(30,780,714)
Other Income and Expenses		
Finance income	188,952	162,226
Administration Fee *(Note 8d)*	86,165	-
Gain on disposal of property, plant and equipment *(Note 9)*	-	8,629
Accretion expense *(Note 11)*	(38,610)	(42,988)
Finance expense	(14,215)	(8,944)
Loss before Income Taxes	(22,663,690)	(30,661,791)
Income tax recovery *(Note 20a)*	762,506	4,500,723
Net Loss and Comprehensive Loss for the Period	**$ (21,901,184)**	**$ (26,161,068)**
Weighted Average Number of Common Shares Outstanding	249,848,826	204,596,280
Basic and Diluted Loss per Common Share	$ (0.09)	$ (0.13)

- See Accompanying Notes to the Consolidated Financial Statements -

Pure Gold Mining Inc.

Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars Unless Noted Otherwise)

	Number of Common Shares	Share Capital	Equity Reserves	Accumulated Deficit	Total
Balance – March 31, 2017	191,531,092	$ 74,118,556	$ 6,634,106	$ (53,073,395)	$ 27,679,267
Super Flow-through common share issuance *(Note 12b)*	8,690,000	6,300,250	-	-	6,300,250
Super Flow-through premium liability	-	(1,346,950)	-	-	(1,346,950)
Flow-through common share issuance *(Note 12b)*	8,061,125	5,159,120	-	-	5,159,120
Flow-through premium liability	-	(564,279)	-	-	(564,279)
Common share issuance *(Note 12b)*	14,862,167	7,728,327	-	-	7,728,327
Share issue costs – cash	-	(1,384,642)	-	-	(1,384,642)
Exercised stock options	175,000	32,000	-	-	32,000
Fair value of exercised stock options *(Note 12d)*	-	23,890	(23,890)	-	-
Share-based compensation *(Note 12d)*	-	-	1,528,798	-	1,528,798
Net loss for the period	-	-	-	(26,161,068)	(26,161,068)
Balance – March 31, 2018	223,319,384	$ 90,066,272	$ 8,139,014	$ (79,234,463)	$ 18,970,823
Flow-through common share issuance *(Note 12b)*	4,000,000	3,000,000	-	-	3,000,000
Flow-through premium liability	-	(360,000)	-	-	(360,000)
Common share issuance *(Note 12b)*	28,930,000	17,936,600	-	-	17,936,600
Share issue costs – cash	-	(1,087,980)	-	-	(1,087,980)
Fair value of warrants issued with common shares *(Note 12b)*	-	(1,683,070)	1,683,070	-	-
Share issue costs allocated to warrants	-	91,024	(91,024)	-	-
Exercised stock options	91,666	20,033	-	-	20,033
Fair value of exercised stock options *(Note 12d)*	-	14,069	(14,069)	-	-
Share-based compensation *(Note 12d)*	-	-	835,346	-	835,346
Net loss for the period	-	-	-	(21,901,184)	(21,901,184)
Balance – December 31, 2018	256,341,050	$ 107,996,948	$ 10,552,337	$ (101,135,647)	$ 17,413,638

- See Accompanying Notes to the Consolidated Financial Statements -

Pure Gold Mining Inc.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars Unless Noted Otherwise)

	For the Nine Months Ended December 31, 2018	For the Twelve Months Ended March 31, 2018
Operating Activities		
Net loss for the period	$ (21,901,184)	$ (26,161,068)
Items not affecting cash:		
Income tax recovery *(Note 20a)*	(762,506)	(4,500,723)
Share-based compensation (*Note 12d)*	835,346	1,528,798
Depreciation (*Note 9)*	128,112	157,510
Accretion expense (*Note 11)*	38,610	42,988
(Gain) Loss on disposal of property, plant and equipment	-	(8,629)
Finance expense	4,288	8,944
Finance income	(188,952)	(162,226)
Changes in non-cash working capital:		
Accounts payable and accrued liabilities	(1,612,906)	580,047
Prepaid expenses	126,444	477,471
Amounts receivable	375,187	128,324
Provisions	(251,053)	195,085
Net cash used in operating activities	(23,208,616)	(27,713,479)
Investing Activities		
Interest received	188,992	162,140
Property, plant and equipment (*Note 9)*	(71,036)	(440,943)
Reclamation deposits (*Note 10)*	111,936	1,082,290
Net cash provided by investing activities	229,892	818,487
Financing Activities		
Proceeds from financing *(Note 12b)*	20,936,600	19,187,697
Proceeds from exercised stock options (*Note 12d)*	20,033	32,000
Share issue costs	(1,087,980)	(1,384,642)
Repayment of finance lease obligation	(55,383)	(28,800)
Net cash provided by financing activities	19,813,270	17,806,255
Net (Decrease) Increase in Cash	(3,165,454)	(9,088,737)
Cash - Beginning of the Year	7,420,078	16,508,815
Cash - End of the Year	$ 4,254,624	$ 7,420,078

Supplemental Cash Flow Information *(Note 16)*

- See Accompanying Notes to the Consolidated Financial Statements -

1. GENERAL INFORMATION

Pure Gold Mining Inc. (“Pure Gold” or the “Company”), is a publicly listed company incorporated and domiciled in Canada. The Company is listed on the TSX Venture Exchange (“TSX-V”) under the symbol “PGM”. The Company’s head office and principal address is located at Suite 1900 – 1055 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2E9. The Company’s records office and registered office address is c/o McMillan LLP, 1500 Royal Centre PO Box 1117, 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

Pure Gold is an exploration stage business focusing on the acquisition, exploration and development of gold and other precious and base metal properties in Canada. Currently, the Company’s principal mineral property is the Madsen Gold Project located near Red Lake, Ontario.

At December 31, 2018 the Company had not yet determined whether its properties contain mineral reserves that are economically recoverable. The continued operations of the Company and the recoverability of the amounts capitalized for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of such properties and upon future profitable production or proceeds from the disposition of the properties.

2. BASIS OF PREPARATION

Statement of Compliance

The Company prepares their annual consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The significant accounting policies are presented in Note 3 and have been consistently applied in each of the periods presented.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Change in Year End

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 period is the nine months ended December 31, 2018, and the comparative period is the twelve months ended March 31, 2018. The new financial year will align the Company with its peer group in the mineral resources sector.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. New, Amended and Future IFRS Pronouncements

<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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

IFRS 16 – Leases

IFRS 16 - *Leases* specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. The Company 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 (Note 15), and does not expect the standard to have a material impact on the consolidated statements of loss and comprehensive loss.

The significant accounting policies used in the preparation of these consolidated financial statements are as follows:

b. Basis of Measurement

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets, if any, classified as available-for-sale and fair value through profit or loss which are measured at fair value. These consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All dollar amounts stated in these consolidated financial statements are expressed in Canadian dollars unless noted otherwise.

c. Basis of Consolidation

The financial statements of the Company consolidate the accounts of Pure Gold and its wholly owned subsidiary Laurentian Copper Corp., a private company incorporated under the Business Corporations Act of British Columbia in Canada. All intercompany transactions, balances and unrealized gains and losses are eliminated on consolidation.

Subsidiaries are those entities over which Pure Gold has control. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether Pure Gold controls another entity. Pure Gold controls an entity when Pure Gold is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to Pure Gold. They are deconsolidated from the date that control ceases.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Cash and cash equivalents

Cash and cash equivalents includes cash, term deposits and short-term highly liquid investments with an original term to maturity of three months or less.

e. Short-term Investments

Short-term investments are comprised of cashable Guaranteed Investment Certificates (GICs) with original terms to maturity greater than three months, but less than one year.

f. Property, Plant and Equipment

Land is recorded at cost and is not depreciated as it has an unlimited useful life. Computer equipment, computer software, mine property and equipment, office and other equipment, exploration equipment and infrastructure and vehicles are recorded at cost less accumulated depreciation. The Company provides for depreciation using the declining balance method at rates designed to depreciate the cost of the computer equipment, computer software, mine property and equipment, office and other equipment, exploration equipment and infrastructure and vehicles over their estimated useful lives.

The mill is recorded at cost. The cost of the mill includes acquisition and betterment costs incurred prior to the removal of assets from service. Depreciation of the mill is calculated on a units-of-production method based on estimated proven and probable ore reserves upon the assets being ready for service.

The major categories and annual depreciation rates are as follows:

Computer equipment	55 %
Computer software	100 %
Land	Non-depreciable
Mill	Units-of-production
Mine property and equipment	20%
Office furniture and other equipment	20 %
Exploration equipment	20 %
Exploration infrastructure	10 %
Vehicles	30 %

g. Exploration and Evaluation Assets and Expenditures

The Company’s policy is to expense, as incurred, exploration and evaluation expenditures until the mineral property reaches the development stage. Costs related to property acquisitions are capitalized until the viability of the mineral property is determined, at which time the capitalized acquisition costs shall be assessed for impairment, and any impairment loss recognised before reclassification. When it has been established that a mineral property is commercially viable and technically feasible, the costs subsequently incurred to develop a mine on the property prior to the start of mining operations are capitalized and will be amortized against production when ready for use as intended by management, or derecognized if the property is sold, allowed to lapse or abandoned. The establishment of commercial viability and technical feasibility of a mineral property is assessed based on a combination of factors, including:

(i) Viability: a Proven and/or Probable Mineral Reserve has been established that demonstrates a positive financial return; and
(ii) Authorizations: necessary permits, access to critical resources and environmental programs exist or are reasonably obtainable.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance of historical characteristics of many resource properties. The Company has investigated title to all of its resource properties and, to the best of its knowledge, title to all of its properties are in good standing.

Upon disposal or abandonment, any consideration received is credited against the carrying amount of the exploration and evaluation assets, with any excess consideration greater than the carrying amount included as a gain in profit or loss.

h. Impairment of Non-Current Assets

At each reporting date, property, plant and equipment and exploration and evaluation assets are evaluated for impairment by management whenever events or changes in circumstances indicate that the carrying value is impaired and may not be recoverable. For property plant and equipment, if any such impairment indicators exist, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value less costs of disposal is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for that period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

For exploration and evaluation assets, the Company follows the guidance in IFRS 6 – Exploration for and Evaluation of Mineral Resources to determine whether exploration and evaluation assets are impaired. This determination requires significant judgment. Impairment indicators relevant for exploration and evaluation properties include whether the rights to explore the area of interest have expired during the period or will expire in the near future, and the rights are not expected to be renewed, substantive expenditure or further exploration and evaluation is not planned or budgeted, the activities have not led to a discovery of commercial reserves and the Company has decided not to continue such activities in the area of interest or deteriorating local conditions such that it may become unsafe to continue operations. If an impairment indicator is identified, management will perform an impairment test. If the recoverable amount of the exploration and evaluation assets is less than the carrying amount, an impairment loss will be recorded in the consolidated financial statements.

Past impairments are also considered at each reporting period and where there is an indication that an impairment loss may have decreased, the recoverable amount is calculated as outlined above to determine the extent of the recovery. If the recoverable amount of the asset is more than its carrying amount, the carrying amount of the asset is increased to its recoverable amount and the impairment loss is reversed in profit or loss for that period. The increased carrying amount due to reversal will not be more than what the depreciated historical cost would have been if the impairment had not been recognized. Additionally, the review of impairment indicators takes into account factors such as political, social and legal and environmental regulations. These factors may change due to changing economic conditions or the accuracy of certain assumptions and, hence, affect the recoverable amount. The Company uses its best efforts to fully understand all of the aforementioned to make an informed decision based upon historical and current facts surrounding its projects.

i. Leases

The Company holds leases for office space and equipment. Leases are classified as either finance or operating leases. Assets held under finance leases, where substantially all of the risks and rewards of ownership have passed to the Company, are capitalized in the statement of financial position at the lower of the fair value of the leased property and the present value of the minimum lease payments

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

during the lease term calculated using the interest rate implicit in the lease agreement. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Capitalized amounts are determined at the inception of the lease and are depreciated over the shorter of their useful economic lives or the lease term, unless there is a reasonable certainty the Company will obtain ownership of the asset by the end of lease term in which case it should be depreciated over its useful life. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in the statement of income (loss) as finance expense. Leases where substantially all of the risks and rewards of ownership have not passed to the Company are classified as operating leases. Rentals payable under operating leases are charged to the statement of income (loss) as exploration and evaluation expenses or general and administrative expenses on a straight-line basis over the lease term.

j. Provisions and Constructive Obligations

Provisions for environmental restoration, restructuring costs and legal claims are recognized when the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and when the amount has been reasonably estimated. Provisions are not recognized for future operating losses.

Constructive obligations are obligations that derive from the Company’s actions where:

(i) An established pattern of past practice, published policies or a sufficiently specific current statement, the Company has indicated to other parties that it will accept certain responsibilities; and

(ii) As a result, the Company has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

The Company records provisions for closure and reclamation based on the best estimate of costs for site closure and reclamation activities that the Company is legally or constructively required to remediate and the liability is recognized at the time environmental disturbance occurs. The resulting costs are capitalized to the corresponding asset. The provision for closure and reclamation is estimated using expected cash flows and discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The capitalized amount is depreciated on the same basis as the related asset. The liability is adjusted for the accretion of the discounted obligation, the offset of which is charged to the statement of income (loss), and any changes in the amount or timing of the underlying future cash flows. Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation costs.

Changes in closure and reclamation estimates are accounted for as a change in the corresponding capitalized cost. Expenditures on rehabilitation projects for which a provision has been recorded are recorded directly against the provision as incurred, most of which are incurred at the end of the life of the mine.

k. Share Capital

The Company records in share capital proceeds from share issuances, net of issue costs and any tax effects. The fair value of common shares issued as consideration for exploration and evaluation assets is based on the trading price of those shares on the TSX-V on the date the shares are issued. Proceeds from unit placements are allocated between shares and warrants issued according to their relative fair value.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Flow-Through Shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its Canadian exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into: i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon filing of the required forms with the Government of Canada to renounce the tax deductibility of qualifying resource expenditures to investors, the Company derecognizes the liability to the extent the qualifying resource expenditures have been made as of that date and recognizes a deferred tax recovery for the amount of the tax reduction renounced to the shareholders that relates to the qualifying expenditures made.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's period is disclosed separately as flow-through expenditure commitments. The Company is also subject to Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as an expense until paid.

m. Share-Based Payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. Share-based payments to employees and others providing similar services are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The offset to the recorded cost is to equity reserve. Stock options and other equity instruments issued as purchase consideration in non-monetary transactions are recorded at fair value determined by management using the Black-Scholes option pricing model. Consideration received on the exercise of stock options is recorded as share capital and the related equity reserve amount is transferred to share capital. Where awards are forfeited because non-market based vesting conditions are not satisfied, the expense previously recognized is proportionately reversed in the period the forfeiture occurs.

n. Loss per Share

Loss per share is computed by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the period. Under this method, the weighted average number of common shares used to calculate the dilutive effect in the statement of income (loss) assumes that the proceeds that could be obtained upon exercise of options, warrants and similar instruments would be used to purchase common shares at the average market price during the period.

In periods where a net loss is incurred, basic and diluted loss per share is the same as the effect of outstanding stock options and warrants would be anti-dilutive.

o. Resource Tax Credits

The Company recognizes resource tax credit amounts when the Company's application for such credits is approved by the relevant jurisdiction or when the amount to be received can be reasonably estimated and collection is reasonably assured. Resource tax credit amounts are accounted for as a credit to exploration and evaluation expenditures in the statement of income (loss).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Income Taxes

The Company uses the statement of financial position method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is not probable that the related tax benefit will be realized.

q. Financial Instruments

The following accounting policies have been amended as a result of IFRS 9, and applied at April 1, 2018. For the year ended March 31, 2018 the Company applied policies based on IAS 39. The effects of the transition from IAS 39 to IFRS 9 are described in Note 3 (a).

(i) Financial Assets

On initial recognition, all financial assets are recorded at fair value plus attributable transaction costs, except for financial assets classified as fair value through profit or loss ("FVTPL"), for which transaction costs are expensed in the period they are incurred.

Financial assets are classified at initial recognition as either: measured at amortized cost, FVTPL, or fair value through other comprehensive income ("FVOCI").

The Company's financial assets classified as subsequently measured at amortized cost include cash, short-term investments, interest and other receivables, and deposits. At December 31, 2018 the Company does not have any financial assets subsequently measured at FVTPL or FVOCI.

(ii) Impairment of Financial Assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. An impairment loss with respect to a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the net present value of the estimated future cash flows discounted at the original effective interest rate, according to the expected credit loss model. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

(iii) Financial Liabilities

On initial recognition, all financial liabilities are recorded at fair value, net of attributable transaction costs. The Company's financial liabilities classified as subsequently measured at amortized cost include accounts payable, accrued and other liabilities. Financial liabilities are classified as current or non-current based on their maturity date.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and expenses. Estimates and judgments are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following discusses the most significant accounting judgments and accounting estimates that the Company has made in the preparation of the financial statements including those that could result in a material effect in the next financial year on the carrying amounts of assets and liabilities:

Accounting Policy Judgements

(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, and to determine whether indicators of impairment exist including factors such as, the period for which the Company has the right to explore, expected renewals of exploration rights, whether substantive expenditures on further exploration and evaluation of resource properties are budgeted and evaluation of the results of exploration and evaluation activities up to the reporting date.

For the nine months ended December 31, 2018 and year ended March 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 may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(i) Exploration and Evaluation Assets and Expenditures

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

(Expressed in Canadian Dollars Unless Noted Otherwise)

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

(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.

5. SHORT-TERM INVESTMENTS

As of December 31, 2018, the Company has invested $23,000 (March 31, 2018 - $23,000) into a Guaranteed Investment Certificate ("GIC") with a Canadian financial institution. The GIC yields interest at a rate of 1.35% and has an original maturity date of greater than three months but not more than one year.

6. AMOUNTS RECEIVABLE

Amounts receivable comprised of the following:

	December 31, 2018	March 31, 2018
Refundable goods and services tax/ harmonized sales tax	$ 255,476	$ 645,696
Other receivables	54,210	39,177
Total	**$ 309,686**	**$ 684,873**

7. PREPAID EXPENSES

Prepaid expenses comprised of the following:

	December 31, 2018	March 31, 2018
Advances for Madsen work programs	$ 120,439	$ 260,697
Insurance and benefits premiums	28,431	66,616
Surety bond premium	44,460	32,068
Investor relations and communication	10,394	31,286
Software licenses	75,440	25,020
Other prepaid expenses	10,233	19,154
Total	**$ 289,397**	**$ 434,841**

8. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES

a. Acquisition Costs

Details of the Company's acquisition costs for its exploration and evaluation assets are as follows:

(Expressed in Canadian Dollars Unless Noted Otherwise)

8. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)

	Madsen Gold Project
Balance – March 31, 2017	$ 7,969,320
Change in estimate of provision for closure and reclamation	(150,570)
Balance – March 31, 2018	**$ 7,818,750**

	Madsen Gold Project
Balance – March 31, 2018	$ 7,818,750
Change in estimate of provision for closure and reclamation	27,351
Balance – December 31, 2018	**$ 7,846,101**

b. Expenditures

Details of the Company's exploration and evaluation expenditures, which have been cumulatively expensed in the consolidated statement of loss and comprehensive loss, are as follows:

For the nine months ended December 31, 2018	Madsen Gold Project	Other Properties[1]	Total
Drilling	$ 2,406,534	$ -	$ 2,406,534
Contractors / consultants	2,494,080	-	2,494,080
Bulk Sample	5,718,051	-	5,718,051
Definitive Feasibility Study	2,630,674	-	2,630,674
Assaying and geochemical	1,060,350	-	1,060,350
Engineering	1,534,944	-	1,534,944
Salaries, wages and benefits	1,233,390	-	1,233,390
Equipment rental	351,201	-	351,201
Camp & field costs	434,428	-	434,428
Travel and accommodation	241,296	-	241,296
Utilities	624,316	-	624,316
Property fees	74,160	3,955	78,115
Supplies	126,131	-	126,131
Community & safety	239,887	-	239,887
Depreciation	120,720	-	120,720
Administration and other	32,705	-	32,705
Refundable mineral exploration tax credit	-	33,891	33,891
Expenditures for the period	**19,322,867**	**37,846**	**19,360,713**
Cumulative balance – March 31, 2018	57,885,669	8,220,251	66,105,920
Cumulative balance – December 31, 2018	**$ 77,208,536**	**$ 8,258,097**	**$ 85,466,633**

(Expressed in Canadian Dollars Unless Noted Otherwise)

8. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)

For the twelve months ended March 31, 2018	Madsen Gold Project	Other Properties[(1)]	Total
Drilling	$ 9,162,528	$ -	$ 9,162,528
Engineering	5,497,422	-	5,497,422
Contractors / consultants	4,823,502	47,815	4,871,317
Assaying and geochemical	1,694,043	-	1,694,043
Salaries, wages and benefits	1,309,413	-	1,309,413
Camp & field costs	877,804	-	877,804
Equipment rental	793,729	-	793,729
Utilities	691,917	-	691,917
Travel and accommodation	436,167	-	436,167
Geologic modelling & surveying	191,027	-	191,027
Supplies	165,320	-	165,320
Depreciation	145,377	-	145,377
Community & safety	116,145	-	116,145
Property fees	50,624	4,258	54,882
Administration and other	25,806	-	25,806
Refundable mineral exploration tax credit	-	310,124	310,124
Expenditures for the period	**25,980,824**	**362,197**	**26,343,021**
Cumulative balance – March 31, 2017	31,904,845	7,858,054	39,762,899
Cumulative balance – March 31, 2018	**$ 57,885,669**	**$ 8,220,251**	**$ 66,105,920**

(1) Other properties include Van Horne and generative projects.

c. Madsen Gold Project, Ontario

On March 4, 2014, the Company acquired a 100% interest in the Madsen Gold Project from Claude Resources Inc. (“Claude”). The Madsen Gold Project is located in the Red Lake gold camp of Northwestern Ontario.

On June 24, 2014, the Company acquired a 100% interest in the Newman-Madsen Property from Sabina Gold and Silver Corp (“Sabina”). The Newman-Madsen Property is considered part of the Madsen Gold Project. Certain of the Newman-Madsen claims acquired are subject to royalty arrangements based on Net Smelter Returns (“NSRs”) ranging from 0.5% to 3%. Of the known resources on the Madsen Gold Project, only the Russet South resources are subject to a 2% NSR which is capped at $2,000,000.

On December 30, 2015, the Company entered into an agreement (the “Buffalo Agreement”) to sell 28 mineral claims of the Madsen Gold Project to Premier Gold Mines Ltd (“Premier”), in exchange for $2,500,000 in cash, $2,500,000 in common shares of Premier, and a 1% NSR royalty on substantially all of the claims sold. On December 30, 2015, the Company received cash of $2,000,000, and 1,001,721 common shares of Premier, while Premier received the underlying mineral rights of the claims being sold. On May 20, 2016, the Company received the final $500,000 while Premier received the surface rights to the claims.

Derlak

On March 10, 2017, the Company acquired a 100% interest in the Derlak Gold Property from Orefinders Resources Inc. (“Orefinders”). The Derlak Gold Property is considered part of the Madsen Gold Project.

Upon completion of the acquisition, Pure Gold issued 1,290,322 of its common shares to Orefinders (fair value of $696,774), and paid $500,000 in cash. The 11 claims acquired are subject to a royalty arrangement based on a Net Smelter Return (“NSR”) of 3%.

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8. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)

d. Van Horne Property, Ontario

During the year ended March 31, 2018, the Company completed the acquisition of surface rights at its Van Horne property at a cost of $113,900.

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 $4,000,000 on Van Horne over a four year period, with a committed minimum of $750,000 in year one (completed), and pay to the Company $100,000. Kinross may also satisfy the expenditures by making a cash payment to the Company.

The Company has been appointed as operator for calendar 2018, and as such, is entitled to an administration fee equal to 10% of the approved exploration expenditures.

As at December 31, 2018, the Company had received $910,204 in aggregate funding from Kinross and incurred an aggregate of $959,019 on exploration expenditures, including the administration fee of $97,367 (inclusive of sales tax) due to the Company for operating the property in calendar 2018. As a result, the Company had a cash call receivable of $48,815. This amount was received subsequent to December 31, 2018.

As operator, the following costs (inclusive of sales tax) were incurred on behalf of Kinross and accordingly, were not included in the Company's exploration and evaluation expenditures:

	Nine months ended December 31, 2018
Geological consulting	$ 367,256
Drilling	146,545
Surveying	130,639
Field expenses	131,884
Administration fee	97,367
Assaying	77,192
Staking	8,136
Cash calls / funds used	(910,204)
Cash Call Receivable from Kinross	**$ (48,815)**

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9. PROPERTY, PLANT AND EQUIPMENT

Nine Months Ended December 31, 2018

Cost	Computer Equipment & Software ($)	Office Furniture & Other Equipment ($)	Land ($)	Vehicles ($)	Exploration Equipment & Infrastructure ($)	Mill ($)	Mine Property & Equipment ($)	Total ($)
March 31, 2018	132,130	66,486	5,066,363	33,396	908,462	616,650	140,325	6,963,812
Additions	550	647	-	-	92,715	-	32,920	126,832
Disposals	-	-	(17,596)	-	-	-	-	(17,596)
December 31, 2018	132,680	67,133	5,048,767	33,396	1,001,177	616,650	173,245	7,073,048
Accumulated Depreciation								
March 31, 2018	(116,674)	(29,184)	-	(14,692)	(243,526)	-	(19,958)	(424,034)
Depreciation	(7,212)	(5,815)	-	(4,390)	(97,568)	-	(13,127)	(128,112)
Disposals	-	-	-	-	-	-	-	-
December 31, 2018	(123,886)	(34,999)	-	(19,082)	(341,094)	-	(33,085)	(552,146)
Carrying Amounts								
March 31, 2018	**15,456**	**37,302**	**5,066,363**	**18,704**	**664,936**	**616,650**	**120,367**	**6,539,778**
December 31, 2018	**8,794**	**32,134**	**5,048,767**	**14,314**	**660,083**	**616,650**	**140,160**	**6,520,902**

Twelve Months Ended March 31, 2018

Cost	Computer Equipment & Software ($)	Office Furniture & Other Equipment ($)	Land ($)	Vehicles ($)	Exploration Equipment & Infrastructure ($)	Mill ($)	Mine Property & Equipment ($)	Total ($)
March 31, 2017	120,620	106,541	4,952,463	33,396	602,058	616,650	139,300	6,571,028
Additions	11,510	8,104	113,900	-	306,404	-	1,025	440,943
Disposals	-	(48,159)	-	-	-	-	-	(48,159)
March 31, 2018	132,130	66,486	5,066,363	33,396	908,462	616,650	140,325	6,963,812
Accumulated Depreciation								
March 31, 2017	(104,833)	(62,209)	-	(6,676)	(127,308)	-	(7,287)	(308,313)
Depreciation	(11,841)	(8,764)	-	(8,016)	(116,218)	-	(12,671)	(157,510)
Disposals	-	41,789	-	-	-	-	-	41,789
March 31, 2018	(116,674)	(29,184)	-	(14,692)	(243,526)	-	(19,958)	(424,034)
Carrying Amounts								
March 31, 2017	**15,787**	**44,332**	**4,952,463**	**26,720**	**474,750**	**616,650**	**132,013**	**6,262,715**
March 31, 2018	**15,456**	**37,302**	**5,066,363**	**18,704**	**664,936**	**616,650**	**120,367**	**6,539,778**

No depreciation or depletion has been recorded for the mill as these assets are not ready for use as intended by management. Land has not been depreciated as it has an unlimited useful life.

The carrying value of property, plant, and equipment under finance leases at December 31, 2018 was $32,313 (March 31, 2018 - $105,283).

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10. RECLAMATION DEPOSITS

In December 2017, the Company established a surety bonding arrangement with a United States-based surety group (the "Surety"), with respect to two separate Closure Plans for the Madsen Gold Project to replace certain letters of credit on file with the Minister of Northern Development and Mines ("MNDM"). As a condition for the Surety providing two surety bonds pertaining to the Closure Plans, the Company was required to make a deposit of $1,322,799, as collateral with a US bank. The deposit currently yields interest at a rate of 2.17% per annum and has no maturity date. The surety bonds were accepted by the MNDM in December 2017 and the MNDM issued instructions to cancel six separate letters of credit previously issued by a Canadian financial institution.

In May 2018, MNDM released the Company's remaining financial assurance letter of credit supported by a deposit of $111,936 on deposit with a Canadian financial institution in respect of the 28 mineral claims sold to Premier. Upon release of the funds, the Company paid Premier 50% of the value ($55,968) as required under the Buffalo Agreement, and removed the related provision of $55,968 that was recorded at March 31, 2018.

The collateral required by the Surety has resulted in a reclamation deposit balance at December 31, 2018 of $1,322,799 (March 31, 2018 - $1,434,735). All deposits are classified as long-term, regardless of their term, as the funds will remain on deposit until the surety bonds are extinguished.

11. PROVISION FOR CLOSURE AND RECLAMATION

The Company has recognized a liability relating to its Madsen Gold Project and has determined that no significant closure and reclamation liabilities exist in connection with the exploration activities on its otherexploration and evaluation assets. The Company has calculated the present value of the closure and reclamation provision at December 31, 2018 using a pre-tax discount rate of 1.96% and inflation rate of 2.00% (March 31, 2018 – 2.09% and 2.00%, respectively). The estimated total future undiscounted, but inflation-adjusted, cash flows to settle the provision for closure and reclamation at December 31, 2018 is $3,231,694 (March 31, 2018 - $3,252,998). The Company has estimated that payments will be made in 2033 (March 31 2018 – 2033).

	Nine Months Ended December 31, 2018	Twelve Months Ended March 31, 2018
Balance, beginning of the year	$ 2,372,958	$ 2,480,540
New estimated cash flows and changes in estimates	27,351	(150,570)
Accretion on discounted obligation	38,610	42,988
Balance, end of the year	**$ 2,438,919**	**$ 2,372,958**

12. EQUITY

a. Share Capital

The Company's authorized share capital consists of an unlimited number of common shares without par value.

b. Private Placements

On May 24, 2018 the Company completed a bought deal private placement of 16,130,000 units at a price of $0.62 per unit (the "Units"), and 4,000,000 Flow Through Shares (the "FT Shares") at a price of $0.75 per FT Share, for gross proceeds of $13,000,600. Each Unit consists of one common share of the Company (a "Unit Share") and one-half of one common share purchase warrant (each whole

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12. EQUITY (continued)

common share purchase warrant, a "Warrant"). Each Warrant is transferrable and entitles the holder to acquire one common share of the Company until May 24, 2020 at a price of $0.85. In connection with the private placement, the Company paid the underwriters a cash commission equal to 6.0% of the gross proceeds.

Concurrent with the above bought deal private placement, the Company completed a non-brokered private placement with Anglogold Ashanti Limited for 12,800,000 Units of the Company at $0.62 per Unit for gross proceeds of $7,936,000, increasing its ownership percentage in the Company to 14.9% of the common shares issued and outstanding on a non-diluted basis. Each Warrant issued as part of the non-brokered private placement is transferrable and entitles the holder to acquire one common share of the Company until May 24, 2020 at a price of $0.85.

In connection with the above transactions the Company paid commissions, legal fees and filing fees totaling $1,087,980.

The Warrants issued have been valued at $1,592,046 ($1,683,070 net of allocated share issuance costs of $91,024) using the Black-Scholes option pricing model with the following assumptions:

Assumptions	
Risk-free interest rate	1.99%
Expected stock price volatility	50.62%
Expected dividend yield	0.00%
Expected life of warrants	2 years

On November 1, 2017, the Company completed a private placement of 8,690,000 super flow-through common shares ("Super FT Shares"), at a price of $0.725 per Super FT Share, 8,061,125 flow-through common shares ("FT Shares"), at a price of $0.64 per FT Share, and 14,862,167 common shares at a price of $0.52 per common share for aggregate gross proceeds of $19,187,697. In connection with the private placement the Company paid commissions, legal fees and filing fees totaling $1,384,642.

c. Share Purchase Warrants

Details of share purchase warrants issued, exercised, expired and outstanding as at and during the nine months ended December 31, 2018 and the year ended March 31, 2018 are as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding Balance - March 31, 2017 and March 31, 2018	-	-
Issued	14,465,000	$0.85
Outstanding Balance – December 31, 2018	**14,465,000**	**$0.85**

At the time of issuance, the 14,465,000 share purchase warrants had a fair value of $1,592,046 ($1,683,070 net of allocated share issuance costs of $91,024), which is included in equity reserves in the Company's consolidated statement of financial position at December 31, 2018.

d. Stock Options

The Company has established a share purchase option plan (the "Stock Option Plan") whereby the board of directors may, from time to time, grant options to directors, officers, employees, consultants or technical and administrative company employees (Note 13). Options granted must be exercised no later than five years from the date of grant or such lesser or greater period as may be determined by the Company's board of directors and in accordance with the policies of the TSX-V. The exercise price of an option must be determined by the board of directors and in accordance with the Plan and the policies

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12. EQUITY (continued)

of the TSX-V. Subject to the policies of the TSX-V, the board of directors may determine the time during which options shall vest and the method of vesting, or that no vesting restriction shall exist. The Company applies the fair value based method of accounting for options. At December 31, 2018, the following options are outstanding and exercisable:

Expiry Date	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Remaining Life in Years	Number of Options Exercisable
April 8, 2019	$0.35	3,530,000	0.27	3,530,000
May 13, 2019	$0.32	150,000	0.36	150,000
February 10, 2020	$0.35	200,000	1.11	200,000
March 19, 2020	$0.28	650,000	1.22	650,000
December 3, 2020	$0.11	50,000	1.93	50,000
December 11, 2020	$0.11	2,730,000	1.95	2,730,000
May 26, 2021	$0.63	400,000	2.40	266,666
October 11, 2021	$0.72	300,000	2.78	200,000
November 14, 2021	$0.72	75,000	2.87	75,000
December 21, 2021	$0.44	4,645,000	2.98	3,696,666
June 16, 2022	$0.54	200,000	3.46	200,000
July 24, 2022	$0.54	100,000	3.56	33,333
December 15, 2022	$0.49	5,170,000	3.96	2,923,334
June 5, 2023	$0.65	50,000	4.43	-
June 11, 2023	$0.65	200,000	4.45	-
	$0.39	**18,450,000**	**2.49**	**14,704,999**

The options exercisable at December 31, 2018 have a weighted average exercise price of $0.37.

Details of options granted, exercised, expired and forfeited during the nine months ended December 31, 2018 and the year ended March 31, 2018 are as follows:

	Number of Options	Weighted Average Exercise Price
Balance – March 31, 2017	13,023,333	$0.34
Granted during the period	5,470,000	$0.49
Exercised during the period	(175,000)	$0.18
Forfeited during the period	(26,667)	$0.32
Balance – March 31, 2018	18,291,666	$0.39
Granted during the period	250,000	$0.65
Exercised during the period	(91,666)	$0.22
Balance – December 31, 2018	**18,450,000**	**$0.39**

Granting of Options

The fair value of newly granted options are calculated using the Black-Scholes option pricing model. For all grants, the assumed dividend yield and forfeiture rate were nil and nil, respectively. Other conditions and assumptions for options granted in the nine months ended December 31, 2018 and the year ended March 31, 2018 were as follows:

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12. EQUITY (continued)

Issue Date	Expected Life of Options in Years	Exercise Price	Risk-free Interest Rate	Volatility[1]	Weighted Average Black-Scholes Fair Value
June 16, 2017	5.0	$0.54	1.14%	90.87%	$0.38
July 24, 2017	5.0	$0.54	1.56%	90.85%	$0.37
December 15, 2017	5.0	$0.49	1.66%	90.86%	$0.34
June 5, 2018	5.0	$0.65	2.16%	84.23%	$0.44
June 11, 2018	5.0	$0.65	2.17%	84.16%	$0.44

[1]Volatility was determined using the average historic volatility of a number of comparable companies, calculated over the same period as the expected life of the option.

Options granted are typically subject to vesting provisions whereby one third vest one year from the grant date, one third vest two years from the grant date, and one third vest three years from the grant date. The following option grants are subject to alternate vesting provisions:

(i) The 200,000 options granted June 16, 2017 were granted to a consultant and subject to vesting provisions whereby one half will vest six months from the grant date, and one half will vest one year from the grant date.

(ii) 1,800,000 of the 5,170,000 options granted December 15, 2017 were granted to non-executive directors and vested immediately. The remaining 3,370,000 options were granted to employees and consultants and subject to typical vesting provisions.

(iii) The 200,000 options granted June 11, 2018 were granted to a consultant and subject to vesting provisions whereby one half will vest six months from the grant date, and one half will vest one year from the grant date.

Exercise of Options

During the nine months ended December 31, 2018, 30,000 stock options with an exercise price of $0.35, 53,333 stock options with an exercise price of $0.11, and 8,333 stock options with an exercise price of $0.44 were exercised for total proceeds of $20,034. The weighted average share price on the date the options were exercised during the period was $0.64. In connection with these option exercises, the related fair value amount of $14,069 was transferred from equity reserves to share capital.

During the year ended March 31, 2018, 100,000 options with an exercise price of $0.20, and 75,000 options with an exercise price of $0.16 were exercised for total proceeds of $32,000. The weighted average share price on the date the options were exercised during the period was $0.54. In connection with these option exercises, the related fair value amount of $23,890 was transferred from equity reserves to share capital.

Forfeiture of Options

No options were forfeited during the nine months ended December 31, 2018.

During the year ended March 31, 2018, 10,000 options with an exercise price of $0.11, and 16,667 options with an exercise price of $0.44 were forfeited. As a result of the forfeitures, previously recognized share-based compensation relating to the unvested options of $2,692 was reversed, resulting in a net expense for the year of $1,528,798.

(Expressed in Canadian Dollars Unless Noted Otherwise)

12. EQUITY (continued)

Expiry of Options

No options expired during the nine months ended December 31, 2018, or the year ended March 31, 2018.

13. RELATED PARTY TRANSACTIONS

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 under an Amended Technical and Administrative Services Agreement (the "Oxygen Agreement") 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 $305,280 on behalf of the Company (March 31, 2018 - $305,280). During the nine months ended December 31, 2018, a total of $1,508,921 (year ended March 31, 2018 - $1,574,696) was paid or accrued to Oxygen as a reimbursement of costs incurred by Oxygen on behalf of the Company. As at December 31, 2018, the Company has a payable amount to Oxygen of $123,567 (March 31, 2018 - $102,168). 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 total compensation paid or payable to key management for employee services directly or via Oxygen is as follows:

	Nine Months Ended December 31, 2018	Twelve Months Ended March 31, 2018
Salaries and other short-term employee benefits	$ 1,095,750	$ 1,054,500
Directors fees	307,500	410,000
Share-based compensation	522,307	1,236,670
Total	**$ 1,925,557**	**$ 2,701,170**

14. SEGMENTED INFORMATION

The Company conducts its business in a single operating segment which is the mining business in Canada. All of the Company's exploration and evaluation assets are located in Canada. Any investment revenues were earned principally from Canadian sources.

15. COMMITMENTS & CONTINGENCIES

a. The Company's operating lease with respect to its head office premises is paid by Oxygen pursuant to the Oxygen Agreement. The Oxygen Agreement was amended on October 1, 2017, and may be terminated by either party giving at least 180 days' prior written notice of such termination. Upon termination, by the Company, of the Oxygen Agreement, the Company shall pay to Oxygen an amount equal to the average general and administrative monthly costs incurred under the Agreement for the previous six month period, the Company's share of committed operating lease costs, any employee termination fees due under the Agreement as a result of the termination as such term is defined under the Agreement, and the Company's share of any contractual obligations entered into on its behalf by Oxygen. The amount pertaining to the non-cancellable head office lease is included in the table below.

(Expressed in Canadian Dollars Unless Noted Otherwise)

15. COMMITMENTS & CONTINGENCIES (continued)

b. 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 future minimum lease payments required under these agreements are indicated in the table below:

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

The total operating lease expense during the nine months ended December 31, 2018 was $214,887 (year ended March 31, 2018 - $282,829).

c. The Company had incurred the full qualifying resource expenditures relating to the May 24, 2018 private placement (Note 12b) by November 30, 2018. The Company filed its renunciation forms in December 2018, and therefore reversed the associated flow-through liability and recognized a deferred tax recovery of $360,000 in the Company's consolidated statement of loss and comprehensive loss for the nine months ended December 31, 2018.

The Company had incurred the full qualifying resource expenditures relating to the Super FT Shares of $6,300,250, and the full qualifying resource expenditures relating to the FT Shares of $5,159,120, pursuant to the November 1, 2017 private placement (Note 12b) by June 30, 2018. The Company filed its renunciation forms in February 2018, and therefore reversed the remaining portion of the Super FT Share and FT Share flow-through liabilities and recognized a deferred tax recovery of $402,506 in the Company's consolidated statement of loss and comprehensive loss for the nine months ended December 31, 2018. The Company recognized a deferred tax recovery of $1,508,723 in the Company's consolidated statement of loss and comprehensive loss for the year ended March 31, 2018.

The Company had incurred the full amount of qualifying resource expenditures of $13,200,000 pursuant to the February 2017 private placement by December 31, 2017. The Company filed its renunciation forms in December 2017, and subsequently reversed the flow-through liability of $2,992,000 and included it in the Company's consolidated statement of loss and comprehensive loss as a deferred tax recovery for the year ended March 31, 2018.

d. In May 2018, the Company's subsidiary, Laurentian Copper Corp., received a revised notice of assessment from Revenu Quebec for fiscal 2013, regarding a reduction in the tax credit relating to resources claimed following a tax audit of its fiscal 2013-2015 income tax returns. The Company accrued for the amount due relating to the fiscal 2013 notice of assessment at March 31, 2018, and has now paid the amount due.

At March 31, 2018 the Company recorded a provision of $195,085, equal to the full value of the tax credit relating to resources claimed in fiscal 2014-2015. In July 2018, the Company received revised fiscal 2014-2015 assessments from Revenu Quebec and therefore removed the provision and has paid the full amount due relating to the fiscal 2014-2015 notices of assessment.

(Expressed in Canadian Dollars Unless Noted Otherwise)

16. SUPPLEMENTAL CASH FLOW INFORMATION

Non-Cash Investing and Financing Activities		Nine Months Ended December 31, 2018		Twelve Months Ended March 31, 2018
Fair value of Warrants issued with Common Shares	$	1,592,046	$	-
Change in estimate of provision for closure and reclamation	$	27,351	$	(150,570)

17. FINANCIAL INSTRUMENTS

a. Financial Assets and Liabilities

At December 31, 2018, the carrying amounts of cash, short-term investments, amounts receivable, interest receivable, deposits, reclamation deposits, accounts payable and accrued liabilities are considered to be a reasonable approximation of their fair values, due to their short-term nature.

b. Fair Value

There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority. The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company does not have any financial assets and liabilities measured and recognized at fair value on a non-recurring basis, nor any non-financial assets and liabilities measured at fair value on a recurring basis.

The Company's policy for determining when a transfer occurs between levels in the fair value hierarchy is to assess the impact at the date of the event or the change in circumstances that could result in a transfer. There were no transfers between levels in the fair value hierarchy during the nine months ended December 31, 2018.

18. MANAGEMENT OF CAPITAL

Pure Gold considers the items included in the consolidated statement of shareholders' equity as capital. Management of the Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares or return capital to shareholders. The Company is not subject to externally imposed capital requirements. Pure Gold's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

19. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial instrument related risks. The Board provides oversight for the Company's 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 consolidated financial statements, net of any allowances for losses, represents the maximum exposure to credit risk.

The Company principally 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 $4,254,624 (March 31, 2018 - $7,420,078) and short-term investments of $23,000 (March 31, 2018 - $23,000) to settle current liabilities of $1,019,408 (March 31, 2018 - $3,317,770).

Interest Rate Risk

Interest rate risk is the risk that the future cash flows or fair value 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, restricted cash and short-term investments by approximately $51,000.

20. INCOME TAXES

a. The income tax provision for the nine months ended December 31, 2018 differs from the amount that would have resulted from applying combined Canadian federal and provincial income tax rates of 27% (year ended March 31, 2018 – 26.25%).

(Expressed in Canadian Dollars Unless Noted Otherwise)

20. INCOME TAXES (continued)

	Nine Months Ended December 31, 2018	Twelve Months Ended March 31, 2018
Loss before income taxes	$ (22,663,690)	$ (30,661,791)
Statutory Canadian federal and provincial tax rates	27%	26.25%
Expected tax recovery	(6,119,196)	(8,048,720)
Adjustments:		
Flow through shares	1,465,316	5,835,972
Flow through premium liabilities	(762,506)	(4,500,723)
Permanent differences	243,700	803,255
Change in tax rates	-	(483,900)
Benefit not recognized and other	4,410,180	1,893,393
Income tax (recovery) expense	**$ (762,506)**	**$ (4,500,723)**

b. Deferred income taxes arise from temporary differences in the recognition of income and expenses for financial and tax purposes. The Company holds no deferred tax assets and liabilities.

c. The following are temporary differences, the net benefits of which have not been recognized at December 31, 2018 and March 31, 2018:

	December 31, 2018	March 31, 2018
Non-capital loss carry-forwards	$ 7,381,458	$ 5,482,182
Share issuance costs	686,300	587,159
Other	658,508	640,699
Exploration and evaluation assets	9,500,470	6,895,729
Total temporary differences	**$ 18,226,736**	**$ 13,065,769**

d. The Company has non-capital losses which may be applied to reduce future year's taxable income. At December 31, 2018, the non-capital losses amounted to $27,338,733 (March 31, 2018 – $20,304,377) which will expire between the years 2026 and 2038.

There are no income taxes owing by Pure Gold at December 31, 2018.

21. SUBSEQUENT EVENTS

a. 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.

b. 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 "FT Shares") at a price of C$0.67 per FT Share for gross proceeds of $4,500,055 (the "Offering"). It is anticipated that closing of the Offering will occur on or about March 29, 2019. In connection with the Offering, the Company will pay the underwriters a cash commission equal to 6.0% of the gross proceeds.