Pure Gold Mining Inc.

(An Exploration Stage Company)

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended March 31, 2017

Pure Gold Mining Inc.
Management's Discussion and Analysis
For the year ended March 31, 2017

This Management's Discussion and Analysis (the "**MD&A**"), dated as of June 16, 2017, is for the year ended March 31, 2017 and should be read in conjunction with the audited consolidated financial statements as at and for the years ended March 31, 2017 and 2016 of Pure Gold Mining Inc. (also referred to as "**Pure Gold**", or the "**Company**", or "**we**", or "**our**", or "**its**" or "**us**" within this MD&A), including the related notes thereto (together, the "**Annual Financial Statements**") and our other corporate filings including our Annual Information Form for the year ended March 31, 2017 dated June 16, 2017 (the "**AIF**"), available under Pure Gold's profile on SEDAR at www.sedar.com.

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

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

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

Highlights for the Year and Significant Subsequent Events

Madsen Project ("Madsen")

- The Company successfully confirmed a south plunge to the McVeigh mineralization and established that the McVeigh mineralization is analogous to the Austin with similar style of alteration and comparable widths and grades of gold mineralization. Highlights from drilling at McVeigh during fiscal 2017 include[1]:
    - The highest grade result to date returned from McVeigh being **133.4 g/t gold over 2.0 metres** in hole PG17-307 including **264.9 g/t gold over 1.0 metre;**
    - **9.5 g/t gold over 4.9 metres** in hole PG16-185 including **17.5 g/t gold over 2.3 metres;**
    - **8.3 g/t gold over 5.4 metres** in hole PG16-191 including **11.6 g/t gold over 3.5 metres;**
    - **11.9 g/t gold over 2.0 metres** in hole PG16-254;
    - **13.5 g/t gold over 4.3 metres** in hole PG16-278 including **55.2 g/t gold over 1.0 metre;**
    - **30.0 g/t gold over 1.5 metres** in hole PG16-306;
    - **69.0 g/t gold over 1.2 metres** in hole PG16-318;
    - **32.5 g/t gold over 2.0 metres** in hole PG16-152;
    - **50.2 g/t gold over 4.0 metres** in hole PG16-154 including **185.0 g/t gold over 1.0 metre;**

[1] See press releases dated June 14, 2016, September 6, 2016, September 27, 2016, December 20, 2016, February 28, 2017 and April 27, 2017 for complete details of these drill results, including tables of completed drill results, available on the Company's website at www.puregoldmining.ca or Sedar profile at www.sedar.com.

- **67.5 g/t gold over 1.1 metres** in hole PG16-167;
- **40.1 g/t gold over 1.2 metres** in hole PG16-110; and
- **31.3 g/t gold over 3.7 metres** in hole PG16-112 including **54.1 g/t gold over 2.0 metres.**

- In October 2016, Pure Gold announced the Company's first ever drill results from the Starratt target. The historic Starratt-Olsen mine and the Starratt target lie within 100% owned patent claims that form a core part of the Madsen property. Surface drilling beyond the North end of the historic mine expanded the mineralization significantly down plunge from the mined zones. Highlights from drilling at Starratt during fiscal 2017 include[2]:

  - **34.0 g/t gold over 11.0 metres** (estimated true thickness of 2.3 metres) in hole PG16-198 including **27.3 g/t gold over 2.0 metres** and including **104.1 g/t gold over 3.0 metres**; and
  - **15.1 g/t gold over 5.4 metres** in hole PG16-215 including **69.2 g/t gold over 1.0 metres.**

- The Company successfully identified a new target called A3 within the Austin horizon. This new target lies beyond the southern limits of the historic mining in the Austin horizon and is interpreted to be another sub-parallel gold bearing structure that is open to depth. Highlights from drilling at A3 during fiscal 2017 include[3]:
  - **25.4 g/t gold over 8.0 metres** in hole PG16-229 including **41.3 g/t gold over 4.6 metres;**
  - **16.7 g/t gold over 1.0 metre** in hole PG16-231;
  - **58.8 g/t gold over 2.0 metres** in hole PG17-304 including **113.3 g/t gold over 1.0 metre;**
  - The deepest gold mineralized intercept drilled to date by Pure Gold intersecting the A3 zone at 600 metres vertical and returning **6.2 g/t gold over 3.3 metres** in hole PG17-320.

- Drilling also successfully identified and expanded the footprint of near surface gold mineralization at Russet South, which shares a similar geologic environment to the Madsen 8 Zone resource[4], situated 1.6 kilometres down dip on the same geologic contact. A new zone of mineralization was successfully discovered in 2017, expanding the gold mineralized system at Russett South across a 650 metre X 650 metre area to depths of 250 metres. Highlights from drilling at Russet South during fiscal 2017 include[5]:
  - **56.2 g/t gold over 1.3 metres** in hole PG16-067;
  - **22.1 g/t gold over 3.5 metres** in hole PG16-069 including **36.9 g/t gold over 1.8 metres;**
  - **20.1 g/t gold over 2.9 metres** in hole PG16-091 including **42.2 g/t gold over 1.0 metres** and also including **14.3 g/t gold over 0.9 metres**;

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[2] See press releases dated October 3, 2016 for complete details of these drill results, including tables of completed drill results, available on the Company's website at www.puregoldmining.ca or Sedar profile at www.sedar.com.

[3] See press releases dated October 31, 2016, February 28, 2017 and April 27, 2017 for complete details of these drill results, including tables of completed drill results, available on the Company's website at www.puregoldmining.ca or Sedar profile at www.sedar.com.

[4] The proximity and geologic similarities to Madsen Mine, the 8 Zone does not mean that Pure Gold will obtain similar results at Russet South or other exploration targets on the Madsen Property. Russet South is an early stage exploration project and does not contain any mineral resource estimates as defined by NI 43-101. The potential to define a mineral resource at Russet South or other targets is conceptual in nature and there has been insufficient exploration to define a mineral resource. It is uncertain if further exploration at these or other targets at Madsen will yield a mineral resource.

[5] See press releases dated April 11, 2016, May 4, 2016, November 14, 2016 and March 27, 2017, for complete details of these drill results, including tables of completed drill results, available on the Company's website at www.puregoldmining.ca or Sedar profile at www.sedar.com.

- **17.7 g/t gold over 1.0 metres** in hole PG-16-099;
- **76.0 g/t gold over 2.1 metres** in hole PG16-233 including **132.0 g/t gold over 1.1 metres;**
- **15.9 g/t gold over 1.0 metre** in hole PG16-241;
- **6.6 g/t gold over 9.9 metres** in hole PG16-243 including **46.4 g/t gold over 1.0 metre;**
- **23.1 g/t gold over 1.9 metres** in hole PG17-310;
- **8.3 g/t gold over 1.7 metres** in hole PG17-316;
- **4.4 g/t gold over 12.0 metres** in hole PG17-335 including **14.3 g/t gold over 2.0 metres;**
- **21.4 g/t gold over 1.9 metres** in hole PG17-341; and
- **27.1 g/t gold over 5.8 metres** in hole PG17-364 including **39.2 g/t gold over 3.8 metres.**

- Recent drilling at the Fork Zone has established a strike length of 450 metres in a shallow south-plunging gold bearing structure which remains open for expansion. New geologic modelling based on the recent drilling has established the structural framework for the Fork Zone and reinforces the scale of the Madsen mineral system. This new work confirms the earlier postulation of strike continuity of the gold mineralized system between the Madsen and Starratt Mines, with approximately 2.5 kilometres from the Madsen #2 shaft to the Starratt Target and 5 kilometres total strike length of the high grade gold-mineralized system;
- In March 2017, the Company announced the acquisition of the Derlak Property consisting of 11 patented mining claims, filling an important keyhole gap in the Madsen Gold Project claim package. The acquisition secures the future large-scale exploration potential of the Madsen mine's northeast plunging Austin mineralization which remains open to depth;
- The Company submitted a project description to the Ministry of Northern Development of Ontario and received permission in December 2016 to re-open the McVeigh portal, which provides underground access to the McVeigh horizon. The Company expects to complete underground services for the McVeigh portal which will allow the commencement of underground exploration, expected in July 2017;
- On April 20, 2016 the Company announced the results of a Preliminary Economic Assessment ("PEA") on the Madsen Project. The PEA provides a base case assessment of developing a portion of the current mineral resources by utilizing existing mining infrastructure, including the permitted mill and tailings facilities. Highlights include (base case parameters assume a gold price of US$1,175/oz and an exchange rate (US$ to C$) of 0.80):
    - Pre-Tax NPV5% and IRR of $104 million and 74% respectively with a 1.5 year payback period;
    - After-Tax NPV5% and IRR of $76 million and 62% respectively with a 1.5 year payback period;
    - Mine life of 6.5 years with peak annual gold production of approximately 58,000 ounces;
    - Pre-production capital cost estimated at $20.1 million;
    - LOM cash cost plus sustaining cost of US$692/oz.

Financing Activities

- On June 8, 2016, the Company closed a bought deal private placement whereby the Company raised gross proceeds of $6.3 million through the issuance of 8,334,000 flow-through common shares ("**Flow Through Shares**") at a price of $0.75 per Flow Through Share;

- On February 22, 2017, the Company closed an additional bought-deal private placement whereby the Company raised a total of $13.2 million through the issuance of 17,600,000 Flow Through Shares at a price of $0.75 per Flow Through Share;

- Pure Gold raised a total of $19.0 million from the exercise of share purchase warrants with a strike price of $0.50 (the "Warrants"), that otherwise expired on September 6, 2016. A total of 38,007,250 Warrants were exercised representing 99.6% of the total Warrants issue.

Management Changes

- On April 29, 2016, Phil Smerchanski was appointed Vice President, Exploration, from his previous position with the Company as Director, Geoscience; and

- In September 2016, Pure Gold announced the addition of Ken Donner as Vice President, Operations. Mr. Donner will initially be focused on development management at Madsen, including the re-opening of the existing McVeigh portal and rehabilitation of surface infrastructure.

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 4,700 hectares in the prolific Red Lake gold camp of Northwestern Ontario, and hosts two significant former gold producers including the Madsen Mine which had previous gold production of approximately 2.5[6] million ounces. In addition to the historic production and the NI 43-101 compliant mineral resource, Madsen has strong exploration potential and recently, the Company issued a PEA that provides a base case assessment of developing a portion of the mineral resource by utilizing existing mining infrastructure, including the permitted mill and tailings facilities.

Most recently, the Company and previous operators have made new high-grade discoveries at Madsen in proximity to the ultramafic unit contact zones and many of these high-grade discoveries have only been partially advanced. Additional satellite mineral zones may be identified with additional geological studies and drilling (although there can be no assurance that any resources will be defined). Some additional examples of exploration targets discovered post-mine closure include the Fork Zone and at Russet South.

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

For fiscal 2018, Pure Gold expects to focus its efforts drilling the McVeigh, Austin, zone and its hanging wall target and A3 Targets, to further expand mineralization in these targets at depth. Additional drilling will also occur underground through from the McVeigh portal ramp decline to better define near surface resources and at Russet South, Starratt and Fork Zone to further expand these deposits.

The Company plans to release an updated mineral resource in the second quarter of fiscal 2018 and will continue studies on stope design, tailings management and readying the mill, for any future production decision. In January 2017, the Company announced a Phase I exploration program totaling $16.2 million that calls for 70,000 metres of drilling planned, including a component of underground drilling from the McVeigh decline. The Company expects to complete the Phase I program by September 2017. The results of Phase I will dictate the program for the remainder of calendar 2017, but it is anticipated that Phase II will consist of further drilling, financing dependent.

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

Overall Performance

Exploration Projects

Madsen Gold Project, Red Lake, Ontario

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

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

By May 2016, the Company had completed a sale of certain non-core patented mining claims and associated surface rights (the "Buffalo Claims") (acquired in the above noted transactions) to Premier Gold Mines Ltd ("Premier"). Pure Gold received cash consideration of $2.5 million, share consideration of $2.5 million (consisting of 1,001,721 common shares of Premier) and a 1% net smelter return royalty on substantially all of the Buffalo Claims, in exchange for the transfer of all mineral rights and surface rights for the Buffalo Claims to Premier. The Company subsequently sold the Premier shares, realizing net proceeds of $3.4 million.

On March 10, 2017, the Company acquired the Derlak property from Orefinders Resources Inc. ("Orefinders") in exchange for $0.5 million in cash and 1,290,322 common shares of the Company with a fair value of $0.7 million. The Derlak property consists of 11 patented mining claims and associated surface rights, and fills in an important gap in the Company's Madsen property package.

There are no royalties payable on claims hosting known mineral resources at Madsen. 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.

Madsen, (following the acquisition of both Newman-Madsen and Derlak and after the sale of certain non-core mineral claims to Premier) comprises 257 mining claims (predominantly patented and including accompanying surface rights) covering an area of 4,718 hectares or 47 square kilometres, in the prolific Red Lake gold camp of Northwestern Ontario. Madsen hosts two former gold producers including the Madsen Mine.

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

The second former gold producer on the Madsen property is the historic Starratt-Olsen Mine. An eventual 649 metre shaft was constructed in 1945 and mining operations were carried out from 1945 to 1956. A total of 823,544 metric tonnes were mined at an average recovered grade of 6.17 g/t Au to produce 163,990 ounces of gold[7]. The Starratt-Olsen Mine does not have a current mineral resource. Prior to Pure Gold's work only limited modern day exploration had been conducted near the mine workings. Compilation of historic data and initial drill testing at Starratt by Pure Gold commenced in late 2016.

In addition to the historic production and the mineral resources (see "Mineral Resources" below for details of mineral resources at Madsen), management believes Madsen has significant exploration potential. Following the compilation of digitized historical geology, drilling and mining data, the Company developed

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

a new model for Madsen's parallel Austin and McVeigh mineralized horizons. While the Austin horizon was the principal source of mine feed for the Madsen Mine for more than 30 years, the McVeigh was subjected to limited historic mining. Pure Gold believes that the McVeigh is a continuation of the Austin mineralized structure and that opportunity exists to potentially expand gold mineralization within the McVeigh.

A new interpretation of the role of folded ultramafic contacts and structural controls has resulted in multiple recent discoveries in the district, including Goldcorp's High Grade Zone at the Red Lake Mine Complex. Pure Gold believes that opportunity exists to apply modern exploration science and a new understanding of the district to achieve similar success along the 10 km-long ultramafic contact at Madsen.

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

At Madsen, the 20 km-long ultramafic contact is prospective for additional high-grade discoveries, and numerous recent discoveries along this contact have only been partially advanced. Pure Gold is pursuing a strategy of exploring for additional near surface high-grade mineralization along the 10 km-long unconformity and the 20 km-long ultramafic contact and testing the depth extent of known mineralization in the McVeigh, A3, Starratt, Russet South and Fork Zone Targets.

Mineral Resources

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

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

Table 1.0 Mineral Resource Statement for Madsen Gold Project[8]

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

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

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

The Company expects to complete a new resource estimate by the end of the second quarter of fiscal 2018 which will incorporate drilling done by the Company since 2014.

Exploration at Madsen

Highlights for fiscal 2017

The Company spent a total of $22.9 million on exploration and other studies at Madsen during the year ended March 31, 2017 compared to a budget of $22.3 million. The small variance was primarily due to additional metres drilled in fiscal Q4 of 2017 compared to budget, as well as higher than expected underground service installation costs at the McVeigh portal. As a result of this work, the Company made a number of significant advances on the project during the year, increasing the geologic understanding of the mineralization at Madsen and allowing the Company to better target mineralization for drilling.

The Company is currently undertaking a Phase I exploration and engineering program at Madsen which is expected to include a minimum of 70,000 metres of drilling and includes reinstalling underground services to the McVeigh decline and ongoing engineering studies on stope optimization. Phase I is expected to be completed by September 2017. Phase II is contingent upon the results of Phase I but is expected to contain further drilling from both surface and underground. The Company is also working to update the mineral resource and plans to have this completed in the second quarter of fiscal 2018.

During the fiscal year, the Company successfully confirmed a south plunge to the McVeigh mineralization and established that the McVeigh is analogous to the Austin mineralized zones with similar style of alteration and comparable widths and grades of gold mineralization. Drilling within the McVeigh has extended the strike length of mineralization approximately 200 metres south of any previous mine production. Gold mineralization in the McVeigh forms repeating, south-plunging shoots.

Current drilling in the McVeigh has encountered strong alteration at a vertical depth of approximately 600 metres, characterized by strong biotite alteration, pervasive silicification, significant sulphide content, and anomalous gold mineralization. Deeper drilling by previous operators anchors the south end of the McVeigh, including hole 16-9500-SW-1-A which returned 24.3 g/t gold over 1.5 metres, occurring 1.4 kilometres south of the Madsen shaft and at a vertical depth of 750 metres[9].

Digital geologic mapping at Madsen was initiated upon acquisition of the property, progressing to the south towards Starratt in 2015 and 2016. This work identified a continuation of the stratigraphic units and alteration zones which host the mineralization at Madsen and provided support for initial drill targeting at Starratt. Pure Gold's work has confirmed that the historic zones at Starratt are analogous in geologic setting to the McVeigh, South Austin, and Austin with mineralization occurring along structures that intersect geologic contacts at low angles. In October 2016, Pure Gold announced the Company's first ever drill results from the Starratt Target. The historic Starratt-Olsen mine and the Starratt target lie within 100% owned patent claims that form a core part of the Madsen property. Drilling down plunge of stopes at the North end of the Starratt Mine successfully intersected high grade mineralization.

The Company identified a new target called A3 within the Austin horizon. This new target lies beyond the southern limits of the historic mining in the Austin horizon and is interpreted to be another sub-parallel gold bearing structure that is open to depth. The Company plans to test the extent of the A3 Target with additional drilling.

Geological interpretation and drilling also identified and expanded the footprint of near surface gold mineralization at Russet South. The association of very high gold grades in deformed quartz veins along the contacts of folded ultramafic units is directly analogous to the setting of the High Grade Zone at

[9] See the National Instrument 43-101 technical report entitled "Technical Report on the Preliminary Economic Assessment For the Madsen Gold Project," prepared by Nordmin Engineering Ltd., dated effective April 20, 2016 available on Sedar at www.sedar.com . Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

Goldcorp's Red Lake Mine as well as to the 8 Zone at Madsen, which occurs 1,600 metres down dip from Russet South[10].

Recent drilling at the Fork Zone has established a strike length of 450 metres in a shallow south-dipping gold bearing structure which remains open for expansion. New geologic modelling based on the recent drilling has established the structural framework for the Fork Zone and reinforces the scale of the Madsen mineral system. This new work confirms the earlier postulation of strike continuity of the gold mineralized system between the Madsen and Starratt Mines, with approximately 2.5 kilometres from the Madsen #2 shaft to the Starratt Target and 5 kilometres total strike length of the high grade gold-mineralized system.

The Company also submitted a project description to the Ministry of Northern Development of Ontario and received permission in December 2016 to re-open the McVeigh portal, which provides underground access to the McVeigh. The Company expects to complete underground services for the McVeigh portal which will allow the commencement of underground exploration in the second half of calendar 2017.

In January 2017, the Company re-opened the McVeigh Portal and discovered that a small population of Myotis species bats were using a portion of the McVeigh Ramp to overwinter. The Myotis species known as Little Brown Myotis and Northern Long-eared Myotis are protected under the federal Species at Risk Act under the Ontario provincial Endangered Species Act (2007), and the federal Species at Risk Act (2002).

Once the Myotis species was confirmed, planned underground rehabilitation and underground exploration was suspended and the entrance to the McVeigh Portal was temporarily secured. As the bats are legally protected, the Ministry of Natural Resources and Forestry ("MNRF") were consulted for next steps. The MNRF conducted a site visit and subsequently requested that the portal be temporarily closed to provide immediate protection to the bats until the spring when the bats will naturally leave the winter roost.

The Corporation has filed a permit application to re-enter the portal to proceed with establishing services for underground drilling and other future work. At present, the Company expects to receive the permit in June 2017. The presence of the bats has slightly delayed the Company's planned exploration program for the underground drilling from the McVeigh decline, but is not anticipated at this time to impede future development of Madsen.

Exploration history by Pure Gold

Since acquiring Madsen in March 2014, Pure Gold has spent a cumulative total of $31.9 million exploring and developing Madsen, as follows:

- Consolidated historic archives from former operators into a common digital platform;
- Conducted a high resolution airborne magnetic survey;
- Defined sampling and assaying protocols suitable for Red Lake coarse gold;
- Developed new predictive vectoring tools for targeting high grade, 8 Zone-style mineralization;
- Developed geological targeting models of high grade gold zones by constructing new 3D stratigraphic, structural, and alteration models, allowing more predictive drill targeting of ultramafic contact (8 Zone) style mineralization;
- Stripped, mapped and chip and channel sampled key areas within the broad mineral system footprint identified at Russet South;
- Completed approximately 8,300 soil samples over the entire project area;

[10] The proximity and geologic similarities to Madsen Mine, the 8 Zone or Goldcorp's Red Lake Mine High Grade Zone does not mean that Pure Gold will obtain similar results at Russet South or other exploration targets on the Madsen Property. Russet South is an early stage exploration project and does not contain any mineral resource estimates as defined by NI 43-101. The potential to define a mineral resource at Russet South or other targets is conceptual in nature and there has been insufficient exploration to define a mineral resource. It is uncertain if further exploration at these or other targets at Madsen will yield a mineral resource.

- Prioritized near surface drill targets designed to expand the current mineral resource and discovered the new mineralized zones at Russet South;
- Developed a new interpretation for the McVeigh mineralization. Drilling of the McVeigh continues to support geologic models highlighting internal continuity in south plunging mineralized shoots;
- Drilled below the North end of the Starratt Mine and expanded the mineralization down plunge from the mined zones towards Madsen;
- Successfully identified a new target called A3 within the Austin horizon, interpreted to be another sub-parallel gold bearing structure that is open in all directions;
- Established a strike length at the Fork Zone of 450 metres in a shallow south-dipping gold bearing structure which remains open for expansion;
- Drilled over 304 diamond drill holes for more than 100,000 metres, with the majority of this core analyzed for gold and multi-element geochemistry. New geologic modelling based on recent drilling confirms the earlier postulation of strike continuity of the gold mineralized system between the Madsen and Starratt Mines, with approximately 2.5 kilometres from the Madsen #2 shaft to the Starratt Target and 5 kilometres total strike length of the high grade gold-mineralized system[11];
- An additional 26,400 metres of historic drill core was re-logged and selectively re-sampled;
- Re-opened the McVeigh Portal and supplied power and other surface infrastructure to the portal opening in preparation for extending services underground; and
- Completed a PEA outlining a base case production scenario showing the potential for robust economics.

Preliminary Economic Assessment

On April 20, 2016, the Company announced a PEA for Madsen[12]. The PEA provides a base case assessment of developing a portion of the mineral resources by utilizing existing mining infrastructure, including the mill and tailings facilities. Highlights of the PEA are as follows:

- Pre-Tax NPV5% and IRR of $104 million and 74% respectively with a 1.5 year payback period;
- After-tax NPV5% and IRR of $76 million and 62% respectively with a 1.5 year payback period;
- Mine life of 6.5 years with average annual gold production of 47,191 ounces and peak annual gold production of approximately 58,000 ounces;
- Life of mine ("LOM") diluted head grade of 8.3 g/t gold;
- Mine plan considers only a portion of the existing mineral resource that is within 600 metres of surface and accessible via the existing ramp;
- Pre-production capital cost estimated at $20.1 million with a 12 month pre-production period;
- LOM sustaining capital costs estimated at $39.2 million; and
- LOM cash cost of US$571/oz and LOM cash cost plus sustaining capital cost of US$692/oz.

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[11] See Press Release dated April 27, 2017.

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

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

The PEA was prepared by Nordmin Engineering Ltd., Mining Services Division of Sudbury, Ontario ("Nordmin"). Nordmin reported on the scoping-level capital costs, operating costs, and project economics associated with the potential development of the Madsen mineral resource.

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.

It is expected that the release of a new mineral resource estimate in the second quarter of fiscal 2018 will dramatically affect the economics as outlined in the current PEA, making the current PEA obsolete. The Company expects it will then work to issue a new PEA following the mineral resource update.

Other Mineral Property Interests

The Company has not incurred any significant costs exploring other properties in its portfolio during the years ended March 31, 2017 or 2016, as the Company's focus is Madsen. Minimal expenditures are expected at any of the Company's other mineral property interests. See the MD&A for the year ended March 31, 2015 for a description of the Company's Other Mineral Interests.

Selected Financial Information

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

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

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 March 31, 2017, Pure Gold has one geographic location being Canada. Information discussed herein reflects the Company as a consolidated entity, consistent with our determination that the one industry in which we operate provides the most meaningful information to a user.

Results of Operations

The following financial data are derived from our annual financial statements for the years ended March 31, 2017, March 31, 2016 and March 31, 2015 respectively:

	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015
Total Revenue	**$ -**	$ -	$ -
Exploration and evaluation expenditures	**$ 22,897,880**	$ 4,221,780	$ 4,477,857
Net loss for the year attributable to shareholders	**$ 24,532,025**	$ 5,009,047	$ 7,154,500
Total comprehensive loss for the year	**$ 24,982,799**	$ 4,558,273	$ 7,154,500
Basic and Diluted Loss per Share	**$ (0.15)**	$ (0.04)	$ (0.07)

Fiscal year ended March 31, 2017 vs. fiscal year ended March 31, 2016

Net loss for the year ended March 31, 2017 totaled $24.5 compared to $5.0 million for the same period in the prior year. The most significant contributors to the loss for the years ended March 31, 2017 and 2016, were (i) exploration and evaluation expenditures, (ii) wages, consulting and directors fees (iii) non-cash share-based compensation expense (iv) office and rent expenses (v) investor relations and communication expenditures and (vi) professional fees. Explanations for material variances are described below.

Exploration and evaluation expenditures increased to $22.9 million for the year ended March 31, 2017 compared to $4.2 million for the same period in the prior year.

Fiscal 2017 saw a significant expansion of exploration activities at Madsen compared to the prior year period. In the prior period, the Company concluded a winter drill program in April 2015 and then reduced exploration activity due to financial constraints. In fiscal 2017, the Company received $19.0 million from the exercise of share purchase warrants; completed two separate Flow Through Share financings raising an additional $19.5 million; and received funds from the sale of non-core assets to Premier, resulting in a significantly improved financial position and allowing the Company to resume an aggressive exploration program at Madsen.

The Company's exploration budget for fiscal 2017 was $22.3 million. The variance from budget is primarily due to additional metres drilled to date in calendar 2017, as well as higher than expected underground service installation costs.

Wages, consulting and director fees increased to $1.1 million for the year ended March 31, 2017, compared to $0.7 million for the same period in the prior year, partially due to the payment of severance costs to the Company's former VP, Exploration totaling $0.1 million and the payment of a year-end bonus to staff. No such bonus was paid previously by the Company.

Investor relations and communication expense increased to $0.5 million for fiscal 2017 compared to $0.1 million for fiscal 2016. During fiscal 2017 the Company significantly increased its marketing activities in conjunction with an increased gold price and renewed investor interest in the gold sector and sufficient financing to renew marketing activities. During fiscal 2016, in light of difficult financing markets, the Company reduced its level of promotional activities, in an effort to conserve cash.

Professional fees increased to $0.3 million during the year ended March 31, 2017 compared to $0.1 million in the same period in the prior year, primarily due to costs related to the closing of the sale of surface rights for the Buffalo claims to Premier, as well as additional tax consulting fees and fees paid for an annual salary compensation survey.

Office and rent totalled $0.5 million and $0.3 million respectively, primarily due to increased head office staffing levels.

Share-based compensation increased for the year ended March 31, 2017 to $0.9 million from $0.4 million in fiscal 2016, primarily 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. A total of 1.7 million stock options with a fair value of $0.07 per option were granted to non-executive directors in December 2015. 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 year ended March 31, 2017 the Company granted 5.5 million stock options with a weighted average exercise price of $0.48 to employees, consultants and directors. During the year ended March 31, 2016, the Company granted 3.6 million stock options with a weighted average exercise price of $0.11 to employees, consultants and directors. All stock options granted to non-executive directors vested immediately resulting in the immediate recognition of the corresponding share-based compensation expense on the date of grant. Stock options granted to 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.

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 forfeited 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.

For the year ended March 31, 2017, the Company disposed of its investment in Premier, and reclassified the unrealized gain of $0.7 million recorded in other comprehensive income to other income in the consolidated statement of loss.

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

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

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

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

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

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

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

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

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

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

Financial Position

The following financial data are derived from our Annual Financial Statements for the fiscal years ended March 31, 2017 and March 31, 2016:

	As at March 31, 2017	As at March 31, 2016
Total assets	**$ 35.3 million**	$ 21.7 million
Current liabilities	**$ 5.1 million**	$ 1.4 million
Non-current liabilities	**$ 2.5 million**	$ 2.5 million
Cash dividends declared	**$ -**	$ -

Total assets increases by $13.6 million as at March 31, 2017 in comparison to March 31, 2016 due to cash received from share purchase warrant and employee stock option exercises of $19.2 million, and net proceeds received from the two Flow Through Share financings of $17.9 million, a realized gain on the Company's available for sale investment in Premier of $0.3 million, and an increase in the Company's exploration and evaluation assets of $0.7 million due to the fair value of shares issued to acquire the Derlak property. This was offset by cash operating expenditures totalling $25.7 million.

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

Current liabilities increased by $3.7 million to $5.1 million at March 31, 2017 compared to $1.4 million at March 31, 2016. Accounts payable and accrued liabilities increased by $1.1 million in fiscal 2017 as a result of additional payables and accruals related to the significantly expanded drill program in progress at March 31, 2017 compared to March 31, 2016. In addition, the Company recognized a $3.0 million Flow Through Share premium liability at March 31, 2017 in relation to the February 2017 Flow Through Share private placement, compared to a $0.04 million Flow Through Share premium liability recognized at March 31, 2016, relating to the remaining expenditures pursuant to the February 2015 Flow Through Share private placement. The increase was partially offset by the removal of the $0.3 million liability recognized at March 31, 2016 relating to cash received from Premier for proceeds related to the sale of surface rights on the Buffalo claims as the claims were legally transferred to Premier in May 2016.

There was no material change in non-current liabilities between March 31, 2017 and March 31, 2016.

Shareholders' Equity

During the year ended March 31, 2017 the Company issued 529,666 common shares upon the exercise of employee stock options, as well as 38,007,250 common shares upon the exercise of share purchase warrants.

On June 8, 2016 and February 22, 2017, the Company issued 8,334,000 common shares and 17,600,000 common shares, respectively, pursuant to Flow Through Share financings.

On March 10, 2017 the Company issued 1,290,322 common shares as part of the acquisition of the Derlak property from Orefinders.

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. The determination of functional currency for the Company and its subsidiary is unchanged from that which is consolidated in the Annual Financial Statements and also from the discussion within this MD&A under the heading, "Selected Annual Information".

	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015
Total revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total expenses	$8,450,006	$6,935,035	$7,323,712	$3,591,790	$2,375,790	$803,801	$1,234,650	$1,544,054
Net loss For the period	$7,504,990	$6,907,596	$7,326,847	$2,792,592	$1,447,436	$801,315	$1,228,903	$1,531,393
Total comprehensive loss for the period	$7,504,990	$6,907,596	$7,326,847	$3,243,366	$986,645	$811,332	$1,228,903	$1,531,393
Basic and diluted loss per share	$0.04	$0.04	$0.05	$0.02	$0.01	$0.01	$0.01	$0.01

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 is 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.

The Company's net loss for the quarter ended December 31, 2016 decreased 6% compared to the net loss for the quarter ended September 30, 2016, while total expenses decreased 5%. The decrease in expenses is primarily due to the completion of the Company's 2016 drilling program in early December, resulting in a $1.2 million decrease in exploration and evaluation expenditures from the previous quarter, partially offset by an increase in share-based compensation expense of $0.6 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 Company's net loss for the quarter ended September 30, 2016 increased 162% compared to the net loss for the quarter ended June 30, 2016, while total expenses increased 104%. The increase in expenses is primarily due to the continued significant expansion to the Company's exploration activities at Madsen, resulting in a $3.8 million increase in exploration and evaluation expenditures over the previous quarter. The net loss for the quarter ended June 30, 2016 was reduced due to a $0.7 million realized gain on disposal of the Company's available for sale investment in Premier.

The Company's net loss for the quarter ended June 30, 2016 increased 93% compared to the net loss for the quarter ended March 31, 2016 while total expenses increased 51%. The increase in expenses is primarily due to the significant expansion to the Company's exploration activities at Madsen, resulting in a $1.1 million increase in exploration and evaluation expenditures over the previous quarter, as well a $0.1 million increase in investor relations activity reflecting a renewal of marketing to potential investors. The net loss for the quarter ended June 30, 2016 also reflected a $0.7 million realized gain on disposal of the Company's available for sale investment in Premier, while the quarter ended March 31, 2016 included a $0.9 million income tax recovery.

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

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

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

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

Fourth Quarter Results

During the quarter ended March 31, 2017, the Company incurred a loss of $7.5 million. The most significant items contributing to this loss were exploration and evaluation expenditures of $7.6 million; wages, consulting and director's fees of $0.3 million; and share-based compensation expense of $0.2 million. During the quarter the Company commenced its 70,000 metre Phase I exploration program at Madsen.

Offsetting expenses for the quarter was the recognition of a $0.9 million deferred income tax recovery on reversal of the Flow Through Share premium liability recognized in relation to the June 2016 Flow Through Share financing, as the Company had incurred the full qualifying resource expenditures of $6.3 million by December 31, 2016, and filed its renunciation forms in January 2017.

Liquidity and Capital Resources

As at the date of this MD&A, the Company has approximately $9.9 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 $9.8 million. There are no known restrictions on the ability of our subsidiary to transfer or return funds to the Company.

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

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

Our Phase I budget for exploration and engineering work at Madsen includes costs associated with drilling, opening the McVeigh portal, provision of services to the portal, underground sampling and mapping and preparation for a new resource estimate. An additional $1.4 million is budgeted for general and administrative expenditures over this same period which includes wages and consulting fees, professional fees and those costs associated with running the Company's head office in Vancouver.

As of the date of this MD&A the Company has not yet finalized its exploration budget beyond Phase I. The budget for general and administrative activities for the balance of calendar 2017 is estimated at $1.0 million.

Pure Gold manages and adjusts its capital structure based on available funds in order to support acquisition, exploration and development of mineral properties. The properties in which we currently have an interest in are in the exploration stage. Accordingly, we are dependent on external financing, including the proceeds of future equity issuances or debt financing, to fund our activities. Circumstances that could impair our ability to raise additional funds, or our ability to undertake transactions, are discussed in our AIF dated June 16, 2017 under the heading "Risk Factors". Although management has been successful in the past when raising additional financing, there can be no assurance they will be successful in the future.

Contractual Obligations

Mineral Properties

Pure Gold has no commitments for material capital expenditures as of March 31, 2017. All other active contracts are in the normal course for exploration work to be conducted at Madsen.

Management and Technical Services Agreement

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

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

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

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

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

Flow Through Share Obligation

As at March 31 2017, the Company is committed to incur, on a best efforts basis, qualifying resource expenditures pursuant to the February 22, 2017 Flow Through Share private placement. As at March 31, 2017, the Company had incurred qualifying resource expenditures of $2.7 million. The Company must therefore incur the $10.5 million balance of qualifying resource expenditures before January 1, 2019. If the Company does not spend these funds in compliance with the Government of Canada flow-through regulations, it may be subject to litigation from various counterparties. The Company intends to fulfill its flow-through commitments within the given time constraints

The Company had incurred the full qualifying resource expenditures of $6.3 million pursuant to the June 2016 Flow Through Share private placement by December 31, 2016. The Company filed its renunciation forms in January 2017, and subsequently reversed the Flow Through Share premium liability of $0.9 million and has included it in the Company's Statement of Loss and Comprehensive loss as a deferred tax recovery for the year ended March 31, 2017.

During April 2016 the Company incurred the remaining $0.2 million of qualifying resource expenditures pursuant to the February 2015 Flow Through Share private placement, resulting in the reversal of the remaining premium liability and subsequent recognition of a deferred tax recovery of $44,916 for the year ended March 31, 2017.

Leases

Madsen Vehicle Leases

In addition, the Company has signed two leases dated July 23, 2014 and July 31, 2014, respectively for the use of two pickup trucks to be used at the Madsen project. The two leases call for payments of $800 and $952 per month with the leases expiring on June 24, 2018 and June 30, 2018.

Madsen Equipment Leases

The Company has committed to a finance lease with a third party for a custom ventilation and heating system to be used underground at the Madsen Gold Project. The lease commenced on February 21, 2017 with a term of 18 months, as which time the Company has the option to purchase the equipment.

The future minimum lease payments required under these agreements as at March 31, 2017 are indicated in the table below:

		GMC Sierra 2500 HD		GMC Sierra 2500 HD		Winnipeg Office Lease		Equipment Finance Lease
2017	$	7,205	$	8,566	$	7,331	$	24,408
2018	$	4,803	$	5,711	$	-	$	18,984
2019	$	-	$	-	$	-	$	-
Total	**$**	**12,008**	**$**	**14,277**	**$**	**7,331**	**$**	**43,392**

Contingencies

On April 19, 2017, the Company's subsidiary, Laurentian Copper Corp., received draft assessments indicating a reduction in the tax credit relating to resources claimed following a tax audit of its fiscal 2013-2015 income tax returns by Revenu Quebec, in which certain deductions claimed by the Company were disallowed. The Company has responded to the draft assessment and Revenu Quebec is currently evaluating the response. At this time the Company is unable to determine what the outcome of this review will be. A total of $0.3 million has been received by the Company in tax credits relating to resources claimed in fiscal 2013-2015.

In the event that management's estimate of the future resolution of this matter changes, the Company will recognize the effect of the change in its consolidated financial statements of the period in which the change occurs.

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as defined by NI 51-102 requirements as at March 31, 2017 or as at the date hereof.

Proposed Transactions

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

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

Related Party Transactions

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

Oxygen Capital Corp ("Oxygen").

Oxygen is a private company partially owned by one director and one officer of the Company. Oxygen provides technical and administrative services to the Company at cost, including providing some staffing who are seconded to the Company, office facilities and other administrative functions. As at March 31, 2017, Oxygen holds a refundable deposit of $0.3 million (2016 - $0.2 million), on behalf of the Company. During the fiscal year ended March 31, 2017, a total of $1.4 million (March 31, 2016 - $0.9 million) was paid or accrued to Oxygen as a reimbursement of costs incurred by Oxygen on behalf of the Company. As of March 31, 2017, the Company held a payable amount to Oxygen of $0.1 million (March 31, 2016 - $0.1 million). This amount was paid subsequent to March 31, 2017.

Compensation of Key Management Personnel

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

Name	Nature of Compensation	Year ended March 31, 2017	Year ended March 31, 2016
President and Chief Executive Officer	Salary	$331,584	$207,333
Chief Financial Officer	Salary	$248,333	$155,417
Vice President of Exploration	Salary	$266,167	-
Vice President of Exploration (former)	Salary	$82,000	$186,000
Vice President, Operations	Salary	$117,907	-
Director, Investor Relations (former)	Salary	-	$22,078
Corporate Secretary	Salary	-	$7,585
Directors	Directorship	$185,000	$160,000
Total		**$1,230,991**	**$738,413**

Share-based compensation issued to key management personnel during the fiscal year ended March 31, 2017 totaled $0.9 million (March 31, 2016 - $0.3 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:

IFRS 9 – Financial Instruments

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

IFRS 16 – Leases

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

IAS 7 – Statement of Cash Flows

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

IAS 12 – Income Taxes

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

Significant Accounting Judgments, Estimates and Assumptions

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

Judgments

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

i) Review of Asset Carrying Values and Impairment Assessment

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

ii) Exploration and Evaluation Assets and Expenditures

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

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

For the fiscal years ended March 31, 2017 and 2016, there were no indicators of impairment on the Company's exploration and evaluation assets, or the Company's other assets.

Estimates and Assumptions

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

i) Exploration and Evaluation Assets and Expenditures

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

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

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

iii) Decommissioning, Restoration and Similar Liabilities

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

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 consolidated financial statements, net of any allowances for losses, represents the maximum exposure to credit risk.

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

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

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company attempts to manage liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. At March 31, 2017, the Company had cash of $16.5 million (March 31, 2016 - $2.2 million) and short-term investments of $23,000 (March 31, 2016 - $23,000) to settle current liabilities of $5.1 million ($2.1 million excluding the Flow Through

Share premium liability of $3.0 million) (March 31, 2016 - $1.4 million). As at March 31, 2017, the Company is committed to incur, on a best efforts basis, $10.5 million in qualifying resource expenditures relating to the February 2017 Flow Through Share financing.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash, restricted cash and short-term investments include deposits which are at variable interest rates. For the year ended March 31, 2017, 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 $66,000.

Fair Value Estimation

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

Management of Capital

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

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

Outstanding Share Data

Pure Gold's authorized capital is unlimited common shares without par value. As at June 16, 2017 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	191,531,092	N/A	N/A
Stock Options	100,000	$0.20	February 25, 2018
	3,560,000	$0.35	April 8, 2019
	150,000	$0.32	May 13, 2019
	200,000	$0.35	February 10, 2020
	650,000	$0.28	March 19, 2020
	83,333	$0.11	December 3, 2020
	2,760,000	$0.11	December 11, 2020
	75,000	$0.16	February 18, 2021
	400,000	$0.63	May 26, 2021
	300,000	$0.72	October 11, 2021
	75,000	$0.72	November 14, 2021
	4,670,000	$0.44	December 21, 2021
	200,000	$0.54	June 16, 2022
Fully Diluted	204,754,425		

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 June

16, 2017, available on the Company's SEDAR profile at www.sedar.com. In particular, there are currently significant uncertainties in capital markets impacting the availability of equity financing for the purposes of mineral exploration and development. There are also significant uncertainties relating to the global economy, increased volatility and a general decline in the prices of gold and other precious which impact our business and may impact our ability to remain a going concern.

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

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

Additional Disclosure for Venture Issuers Without Significant Revenue

Additional disclosure concerning Pure Gold's general and administrative expenses and exploration and evaluation expenses is provided in the Company's Statements of Loss and Comprehensive Loss contained in its Annual Financial Statements for the fiscal years ended March 31, 2017 and 2016 which are all available on Pure Gold's website at www.puregoldmining.ca or on its profile on SEDAR at www.sedar.com.

Legal Matters

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

Management's Responsibility for the Financial Statements

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

Subsequent Events Not Otherwise Described Herein

The following items of significance occurred after March 31, 2017:

A total of 200,000 stock options with an exercise price of $0.54 were granted to a consultant on June 16, 2017. The options will vest one half in six months from the grant date, and one half in one year from the grant date.

Controls and Procedures

In connection with NI 52-109, the CEO and CFO of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the Annual Financial Statements and respective accompanying MD&A as at March 31, 2017 (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

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

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

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

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

Our Disclosure Documents were 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.

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

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

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

Forward-looking statements and forward-looking information are not guarantees of future performance and are based upon a number of estimates and assumptions of management at the date the statements are made including among other things, assumptions about future prices of gold, copper, silver, molybdenum and other metal prices, changes in the worldwide price of other commodities such as coal, fuel and electricity fluctuations in resource prices, currency exchange rates and interest rates, favourable operating conditions, political stability, obtaining governmental approvals and financing on time, obtaining renewals for existing licences and permits and obtaining required licences and permits, labour stability, stability in market conditions, availability of equipment, accuracy of any mineral resources and mineral reserves, successful resolution of the challenges to the EIAs described in this MD&A, if any, anticipated costs and expenditures and our ability to achieve our goals. While we consider these assumptions to be reasonable, the assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks and uncertainties, contingencies and other factors that could cause actual performance, achievements, actions, events, results or conditions to be materially different from those projected in the forward-looking statements and forward-looking information. Many assumptions are based on factors and events that are not within the control of Pure Gold and there is no assurance they will prove to be correct.

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

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

Pure Gold disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable law. Readers should not place undue reliance on forward-looking information.

Approval

The Board of Directors of Pure Gold 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