



Pure Gold Mining Inc.

Annual Information Form
for the nine months ended December 31, 2018

Dated March 20, 2019

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TABLE OF CONTENTS

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS	2
CAUTIONARY NOTE TO UNITED STATES INVESTORS CONCERNING ESTIMATES OF MEASURED, INDICATED AND INFERRED RESOURCES	5
PRELIMINARY NOTES	6
CORPORATE STRUCTURE OF THE CORPORATION	8
GENERAL DEVELOPMENT OF THE BUSINESS	9
DESCRIPTION OF THE BUSINESS	14
RISK FACTORS	16
MINERAL PROPERTIES	35
SHAREHOLDER INFORMATION	36
GOVERNANCE	54
ADDITIONAL INFORMATION	61
SCHEDULE A – CHARTER OF THE AUDIT COMMITTEE OF PURE GOLD MINING INC.	63
SCHEDULE B – CODE OF BUSINESS CONDUCT AND ETHICS	70

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

All statements in this AIF, other than statements of historical fact, are "forward-looking information" with respect to Pure Gold within the meaning of applicable securities laws, including, but not limited to statements with respect to those that address potential quantity and/or grade of minerals, potential size and expansion of a mineralized zone, proposed timing of exploration and development plans, the growth potential of the Madsen Gold Project and opportunities for scalability, the potential to increase after-tax net present value to the Madsen Gold Project, the potential for Russet South, Fork and Wedge to be economically viable, planned mining methods, mineral processing and sources of power, expected annual production, potential profitability of the Madsen Gold Project at lower metal prices, expected capital costs, expected IRR, anticipated permitting requirements and timing thereof, expected development schedule, potential conversion of inferred resources to measured and indicated resources, potential extension and expansion of mineral resources and the focus of the Corporation in the coming months . Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "planned", "expect", "project", "predict", "potential", "targeting", "intends", "believe", "potential", and similar expressions, or describes a "goal", or variation of such words and phrases or states that certain actions, events or results "may", "should", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking information is not a guarantee of future performance and is based upon a number of estimates and assumptions of management at the date the statements are made including, among others, assumptions about future prices of gold and other metal 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 resource and mineral reserve estimates, successful resolution of disputes and anticipated costs and expenditures. Many assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks and uncertainties, contingencies and other factors that are not within the control of Pure Gold and could thus 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 and there is no assurance they will prove to be correct.

Such forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Pure Gold to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information, including, without limitation, the following:

- risks related to the exploration, development, and operation of an early-stage mineral property, including the speculative nature of exploration and development projects, the possibility of diminishing quantities or grades of mineralization, the inability to recover certain expenditures and the exposure to operational hazards typically encountered in the exploration, development and production of mineral properties
- risks that the reserve and resource estimates may prove to be incorrect
- risk of decreases in commodity prices and commodity price risks could impact the Corporation and feasibility of its projects
- risk of failure to achieve estimates or material increases in costs could affect future cash flows, business results, results of operations and financial condition
- risks related to volatility in the market price of the Corporation's common shares ("**Common Shares**")

- potential claims or opposition by First Nations and Metis groups
- failure delays in obtaining or renewing, or a failure to obtain or renew, permits and licenses necessary for current or future operations, or failure to comply with the terms of such permits
- the presence of endangered species on the Madsen Gold Project
- risks related to government regulation and government and community approvals, including the ability to obtain required government and community approvals, the impact of changing government regulations and shifting political attitudes, and the ability of Canadian regulatory authorities to impose fines or shut down operations in cases of non-compliance
- risks inherent in mining operations and underground development, including accidents, labour disputes, environmental hazards and unfavourable operating conditions
- uncertainty related to the performance of contractors
- uncertainty regarding the impact of certain amendments to the Mining Act (Ontario) which have not yet been phased in
- risks associated with reclamation costs
- costs, delays and other risks associated with statutory and regulatory compliance
- general economic conditions
- reliance on a limited number of properties to drive the success of the Corporation
- the Corporation's history of negative operating cash flow and incurred losses
- potential dilution of Common Share voting power or earnings per share as a result of the exercise of convertible securities of the Corporation, future financings or future acquisitions financed by the issuance of equity
- risks relating to the ownership of more than 10% of the Common Shares by the Corporation's major shareholder
- the risks associated with non-compliance with the Extractive Sector Transparency Measures Act
- the reliance by the Corporation on its information technology systems and the risk of cyber-attacks on such systems
- property and mineral title risk, including defective title to mineral claims or property and risks associated with unpatented mineral claims
- availability of adequate infrastructure
- limits of insurance coverage and uninsurable risk
- environmental risks and hazards
- competitive conditions in mineral exploration and mining businesses
- risks associated with insufficient power to carry out planned activities
- the ability of the Corporation to retain skilled and experienced personnel and contractors
- potential acquisitions and their integration with the Corporation's current business
- influence of third party stakeholders
- risks related to sales of Common Shares by existing shareholders
- risks of litigation
- conflicts of interest

- the Corporation's designation as a "passive foreign investment corporation"
- dependence on key management personnel
- the adequacy of the Corporation's system of internal controls
- credit risk and the adverse effect of changes to interest rates and or liquidity risk
- risks of changes to interest rates
- changes to the Corporation's dividend policy
- increased regulation associated with climate change

Further detail relating to many of these factors are discussed in the section entitled "Risk Factors" in this AIF.

Forward-looking statements and forward-looking information contained herein are made as of the date of this AIF and the Corporation disclaims 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.

CAUTIONARY NOTE TO UNITED STATES INVESTORS CONCERNING ESTIMATES OF MEASURED, INDICATED AND INFERRED RESOURCES

Information in this AIF, including any information incorporated by reference, and disclosure documents of Pure Gold that are filed with Canadian securities regulatory authorities concerning mineral properties have been prepared in accordance with the requirements of securities laws in effect in Canada, which differ from the requirements of United States securities laws.

Without limiting the foregoing, these documents use the terms "measured resources", "indicated resources", "inferred resources" and "probable mineral reserves". Shareholders in the United States are advised that, while such terms are defined in and required by Canadian securities laws, the United States Securities and Exchange Commission (the "**SEC**") does not recognize them. Under United States standards, mineralization may not be classified as a reserve unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. United States investors are cautioned not to assume that all or any part of measured or indicated resources will ever be converted into reserves. Further, inferred resources have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. It cannot be assumed that all or any part of the inferred resources will ever be upgraded to a higher resource category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility, pre-feasibility or other technical reports or studies, except in rare cases. Therefore, United States investors are also cautioned not to assume that all or any part of the inferred resources exist, or that they can be mined legally or economically. Disclosure of contained ounces is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report resources as in place tonnage and grade without reference to unit measures. Accordingly, information concerning descriptions of mineralization and resources contained in these documents may not be comparable to information made public by United States companies subject to the reporting and disclosure requirements of the SEC.

Non-GAAP Measures and Other Financial Measures

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

PRELIMINARY NOTES

Throughout this Annual Information Form ("AIF"), Pure Gold Mining Inc. is referred to as "Pure Gold" or the "Corporation". All information contained in this AIF is given as of March 20, 2019, unless otherwise stated.

Currency

All dollar amounts referenced, unless otherwise indicated, are expressed in Canadian dollars ("C\$" or "\$"), the same currency that the Corporation uses in its financial statements.

Measurements and frequently used abbreviations and acronyms

In this AIF, metric units are used with respect to the Corporation's various mineral properties and operations. Conversion rates from imperial measures to metric units and from metric units to imperial measures are provided in the table set out below:

Imperial Measure =	Metric Unit	Metric Unit =	Imperial Measure
2.471 acres	1 hectare ("ha")	0.4047 hectares	1 acre ("ac")
3.281 feet	1 metre ("m")	0.3048 metres	1 foot ("ft.")
0.621 miles	1 kilometres ("km")	1.609 kilometres	1 mile ("mi.")
2.20 pounds	1 kilogram ("kg")	0.454 kilograms	1 pound ("lb.")
0.032 troy ounces	1 gram ("g")	31.1 grams	1 troy ounce ("oz.")

Measurements and amounts in this AIF have been rounded to the nearest two decimal places.

Financial Statements and Management Discussion and Analysis

This AIF should be read in conjunction with the audited consolidated financial statements of Pure Gold for the year ended December 31, 2018 (the "**Audited Financial Statements**"), and the accompanying management's discussion and analysis ("**MD&A**") for that year. Unless otherwise indicated, financial information contained in this AIF is derived from the financial statements that are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). The Audited Financial Statements and MD&A are available at www.puregoldmining.ca and on SEDAR at www.sedar.com.

Change in Year-End

In 2018, the Corporation changed its fiscal year-end to December 31, from its previous fiscal year-end of March 31. In accordance with National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**"), the Corporation filed a Notice of Change of Year-End on December 3, 2018, which can be found under the Corporation's profile at www.sedar.com.

Consequently, the Corporation reported audited financial results for the nine-month transition year from April 1, 2018 to December 31, 2018.

Going forward, the Corporation will revert to a customary quarterly reporting calendar based on a December 31 financial year-end, with fiscal quarters ending on the last day in March, June, September, and December each year.

Standard Resource and Reserve Reporting System

National Instrument 43-101, “*Standards of Disclosure for Mineral Projects*”, Companion Policy 43-101CP and Form 43-101F1 (collectively, “**NI 43-101**”) are a set of rules developed by the Canadian Securities Administrators, which has established standards for all public disclosure an issuer makes of “scientific and technical information” concerning mineral projects (“**Technical Information**”). Unless otherwise indicated, all Technical Information, including resource estimates attributable to Pure Gold’s property interests contained in this AIF, and including any information contained in certain documents referenced in this AIF, has been prepared in accordance with NI 43-101, and those standards of the Canadian Institute of Mining, Metallurgy and Petroleum Standing Committee on Reserve Definitions (the “**CIM Standards**”).

The named individuals who supervised the preparation of the Technical Information contained in this AIF are qualified persons, as defined under NI 43-101 (each individually, a “**Qualified Person**”). Each of the authors of the technical report that forms the basis for the majority of the Technical Information reproduced in this AIF are Qualified Persons. For additional information on the technical report authors, see “*Mineral Properties – Madsen Gold Project, Red Lake, Canada*”.

Material Property Interests

As at March 20, 2019, the Corporation holds an interest in one mineral property that is considered to be material within the meaning of applicable Canadian securities laws (the “**Material Property**”). That property is referred to as the **Madsen Gold Project** and is owned 100% by the Corporation (subject to certain royalty interests held by third parties).

See discussion in this AIF, under headings, “Intercorporate Relationships” and “Mineral Properties” for ownership interest and summaries of, and Technical Information for the Corporation’s Material Property.

Technical Disclosure

Unless otherwise indicated, Pure Gold has prepared the Technical Information in this AIF based on information contained in the technical report and 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 herein and in the Disclosure Documents.

Each of the Corporation’s Disclosure Documents containing scientific or technical information was prepared by or under the supervision of a Qualified Person. Readers are encouraged to review the full text of the Disclosure Documents which qualifies the Technical Information.

The mineral resource and mineral reserve estimates contained herein relating to the Madsen Gold Project is only an estimate 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 may differ from the one indicated by drilling results and the difference may be material. The estimated resource described herein should not be interpreted as assurances of mine life or of the profitability of future operations. Readers are advised that mineral resources that are not mineral reserves do not have demonstrated economic viability.

Phil Smerchanski, P.Geo. Vice President, Exploration, and a Qualified Person, has reviewed and verified the accuracy of the Technical Information in this AIF. Mr. Smerchanski has consented to the inclusion of the Technical Information in the form and context in which it appears in this AIF and has approved the written disclosure of such information.

CORPORATE STRUCTURE OF THE CORPORATION

Name, Incorporation and Registered Office

Pure Gold was incorporated on November 14, 2005 pursuant to the provisions of the *Business Corporations Act* (British Columbia) under the name "Capo Resources Ltd."

Effective May 15, 2008, the Corporation acquired 0785531 B.C. Ltd. through a reverse takeover, which completed its Qualifying Transaction requirement under TSX Venture Exchange ("TSX-V") Policy 2.4. As a result, the Corporation issued to 0785531 B.C. Ltd.'s shareholders 11,341,067 of the Corporation's common shares. The acquisition was accounted for according to the accounting guidelines for reverse takeover transactions that do not constitute a business combination, with 0785531 B.C. Ltd. being the deemed accounting acquirer for financial statement purposes.

The Qualifying Transaction described above involved the amalgamation of a wholly-owned subsidiary of the Corporation with 0785531 B.C. Ltd. These two entities were amalgamated as one company under the name Laurentian Exploration Ltd. The amalgamation was completed in accordance with the terms of a statutory Plan of Arrangement under the *Business Corporations Act* (British Columbia). The amalgamated entity was a wholly-owned subsidiary of the Corporation at that time.

On January 22, 2009, the Corporation completed an amalgamation with its wholly owned subsidiary, Laurentian Exploration Ltd. These two entities were amalgamated as one company under the name Laurentian Goldfields Ltd. The amalgamation was completed in accordance with the terms of a statutory Plan of Arrangement under the *Business Corporations Act* (British Columbia).

On June 24, 2014, the Corporation filed articles of amendment to change its name to Pure Gold Mining Inc.

The registered and records office of the Corporation is c/o McMillan LLP, Suite 1500, PO Box 1117 Vancouver, British Columbia Canada V6E 4N7 and the head office and principal place of business of the Corporation is located at 1900 – 1055 West Hastings Street, Vancouver, British Columbia V6E2E9.

The Corporation also has an office in Red Lake, Ontario Canada, for the Madsen Gold Project.

Intercorporate Relationships

The Corporation has no significant intercorporate relationships.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

On April 20, 2016, the Corporation announced a positive Preliminary Economic Assessment (“**PEA**”), for the Madsen Gold Project with an effective date of April 20, 2016. This PEA was subsequently replaced by a second PEA announced on September 14, 2017.

On June 8, 2016, Pure Gold announced that it closed a bought-deal private placement (the “**2016 Offering**”).

Pursuant to the 2016 Offering, Pure Gold issued a total of 8,334,000 flow-through common shares (the “**2016 Flow-Through Shares**”) at a price of C\$0.75 per 2016 Flow-Through Share, for aggregate gross proceeds to Pure Gold of C\$6,250,500. This included the full exercise of an underwriters' option of 1,667,000 2016 Flow-Through Shares.

The proceeds raised from the 2016 Offering were used by the Corporation to finance qualified Canadian exploration expenditures at its Madsen Gold Project. The 2016 Flow-Through Shares were subject to a hold period in Canada that expired on October 9, 2016.

In September 2016, Pure Gold announced it had raised a total of \$19.0 million from the exercise of warrants from the 2014 Offering.

On February 22, 2017, Pure Gold announced that it closed a bought-deal private placement (the “**February 2017 Offering**”).

Pursuant to the February 2017 Offering, Pure Gold issued a total of 17,600,000 flow-through common shares (“**Flow-Through Shares**”) at a price of C\$0.75 per Flow-Through Share for aggregate gross proceeds of C\$13,200,000. This included the exercise in full of the underwriters' option of 1,600,000 Flow-Through Shares at a price of C\$0.75 per Flow-Through Share. Proceeds were spent on further exploration on the Madsen Gold Project.

On March 10, 2017, Pure Gold acquired a 100% interest in the 219-hectare Derlak Gold Property, from Orefinders Resources Inc. Consideration for the property purchase included \$0.5 million in cash and 1,290,322 common shares of the Corporation with a fair market value of \$696,744, for a total value of \$1,196,744.

The Derlak property consists of 11 patented mining claims filling an important keyhole gap in the Madsen Gold Project claim package. A 3% NSR royalty is payable on gross revenue derived from the Derlak property, less permissible deductions. One percentage point of the NSR royalty may be bought back by the Corporation for \$1.0 million.

On August 2, 2017, Pure Gold announced a new mineral resource estimate for the Madsen Gold Project. In the first of two planned mineral resource updates, the Corporation reported an indicated resource of 5,785,000 tonnes grading 8.9 g/t for 1,648,000 ozs of gold and an inferred resource of 587,000 tonnes grading 9.4 grams per tonne (“**g/t**”) gold for 178,000 ozs of gold. This represented a 48% increase to indicated resource ozs at a cut-off grade of 4 g/t gold compared to the last resource. The estimate was prepared by Ginto Consulting Inc. of Vancouver, Canada (“**Ginto**”) and is dated August 2, 2017.

On September 14, 2017, Pure Gold announced the results of a PEA for the Madsen Gold Project, as prepared by Nordmin Engineering Inc., which showed a robust 14-year underground mining operation with highly attractive economics at base case metal prices. The PEA set the impetus for advancing the project through a feasibility study which was announced on February 11, 2019.

On November 1, 2017, Pure Gold announced the closing of a bought-deal private placement announced on October 12, 2017 and upsized on October 18, 2017 (the “**October 2017 Offering**”).

Pursuant to the October 2017 Offering, the Corporation issued a total of 8,690,000 super flow through shares (“**Super FT Shares**”) at C\$0.725 per Super FT Share, 8,061,125 flow through shares (“**FT Shares**”) at C\$0.64 per FT Share and 14,862,167 Common Shares at C\$0.52 per Common Share. This includes the partial exercise of the underwriters’ option of 248,125 FT Shares and 1,400,167 Common Shares. Proceeds were used to further explore the Madsen Gold Project and for general working capital purposes.

On December 11, 2017, Pure Gold announced it had engaged JDS Energy and Mining Inc. to commence a feasibility study for the Madsen Gold Project. The feasibility study was completed in February 2019.

On December 14, 2017, Pure Gold announced the addition of mineral resources from two satellite deposits at its 100% owned Madsen Gold Project, prepared by Ginto.

New indicated mineral resources at Russet South total 56,000 ozs (259,000 tonnes at an average grade of 6.7 g/t gold) and inferred mineral resources total 71,000 ozs (322,000 tonnes at an average grade of 6.8 g/t gold) at a 4.0 g/t cut-off. New indicated mineral resources at Fork total 40,000 ozs (194,000 tonnes at an average grade of 6.5 g/t gold) and inferred mineral resources total 47,000 ozs (255,000 tonnes at an average grade of 5.8 g/t gold) at a 4.0 g/t cut-off. Both estimates are as of December 14, 2017.

In addition to the exploration work conducted by the Corporation on the Madsen Gold Project, on March 12, 2018 the Corporation entered into an option agreement whereby a subsidiary of Kinross Gold Corp. (“**Kinross**”) has been granted a right to earn a 70% interest in the Corporation’s Van Horne project, in Ontario. A small exploration program was initiated on Van Horne, with the Corporation as operator. The program is fully funded by Kinross. The Corporation has no plans to explore any other assets in its mineral properties portfolio.

On May 24, 2018, the Corporation closed a bought deal private placement consisting of the sale of 16,130,000 units of the Corporation (“**May 2018 Units**”) at a price of \$0.62 per May 2018 Unit (the “**2018 Bought Deal Offering**”). Each May 2018 Unit consisted of one common share and one-half of a common share purchase warrant (each whole common share purchase warrant, a “**Warrant**”), with each Warrant exercisable into one common share of the Corporation at a price of \$0.85 until May 24, 2020.

In addition, the Corporation issued 4,000,000 Common Shares on a flow through basis (“**2018 FT Shares**”) at a price of \$0.75 per 2018 FT Share.

Concurrent with the May 24, 2018 bought deal private placement, the Corporation also issued 12,800,000 May 2018 Units to Anglogold Ashanti Limited, at a price of \$0.62 per May

2018 Unit, on a non-brokered private placement basis. With its purchase, AngloGold Ashanti Limited now owns 14.9% of the Corporation's issued and outstanding common shares, on a non-diluted basis and 16.46% on a partially diluted basis, assuming only AngloGold Ashanti Limited exercised its warrants.

Proceeds from the bought deal private placement and concurrent non-brokered private placement of May 2018 Units were used to further explore and develop the Madsen Gold Project and for general working capital purposes. Proceeds from the sale of the 2018 FT Shares will be used for exploration financing that will qualify as "Canadian Exploration Expenses" as defined in the *Income Tax Act* (Canada).

On November 29, 2018, Pure Gold announced a summary of results of its test mining at Madsen, which was extremely successful in highlighting the strong visual nature of the mineralization, demonstrating excellent ground conditions, and confirming the geologic model that underpins the mine plan for the feasibility study (see below). Results exceeded expectations, with tonnes, grade and mining width greater than predicted from the resource model. Overall, an average grade of 10.2 g/t gold was returned from 1,555 muck samples collected during mining of the bulk sample. The average grade of 10.2 g/t gold is a capped, diluted mined grade, which comprises all muck samples from 70 rounds of freshly blasted rock, each of which averaged above a cut-off of 4.0 g/t gold.

Key points from the test mining were:

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

On December 3, 2018, Pure Gold announced that it was changing its fiscal year-end to December 31, from its previous fiscal year-end of March 31. Pure Gold believes this change of year-end will better align the Corporation's financial reporting periods to that of its peer group in the mineral resources sector, which will allow investors to more easily compare quarterly and annual financial results.

On February 5, 2019, Pure Gold announced an updated mineral resource estimate for Madsen that was used as the basis of the feasibility study (outlined below). This mineral resource estimate includes updated and expanded mineral resources for all previously reported deposits, including Madsen, Russet South and Fork, and includes first time disclosure of mineral resources at the Corporation's Wedge deposit. The updated mineral resource estimates are dated February 5, 2019. Significant highlights include:

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

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

On February 11, 2019 Pure Gold issued the results of an independent feasibility study on the Madsen Gold Project. The feasibility study outlined a robust 12-year high grade, 800 tonne per day underground mining operation with low initial capital cost and strong financial performance.

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

- Probable mineral reserves of 3.5 million tonnes at 9.0 g/t containing 1.0 million ozs of gold (February 5, 2019);
- Low initial capital requirement of \$95 million including a 9% contingency;
- Mine life of 12.3 years with a 13 month pre-production period;
- Peak annual production of approximately 125,000 ozs with average annual gold production in years 3 through 7 of approximately 102,000 ozs;
- Life of mine (“**LOM**”) direct operating cash cost¹ estimated at US\$607 per ounce of gold recovered;
- LOM all in sustaining cash cost (“**AISC**”) ¹ estimated at US\$787 per ounce of gold recovered;
- Pre-tax NPV_{5%} and IRR of \$353 million and 43% respectively with a 3.0-year payback of initial capital; and
- After-tax NPV_{5%} and IRR of \$247 million and 36% respectively with a 3.4-year payback of initial capital.

The feasibility study supports a high-grade 800 tonne per day underground mining operation with engineered stopes containing 1.0 million ozs of probable mineral reserves. Mining will be conducted from new development utilizing a combination of cut and fill and longhole methods. A new hoist house and double drum production hoist will use the existing shaft infrastructure to hoist ore and waste from the mine, commencing in year four of operations.

The proposed Madsen implementation schedule is over a period of 13 months, with underground mine development commencing approximately 9 months before first gold pour. The project requires initial capital of \$95 million (including contingency) to support the construction of an underground mine and associated infrastructure, including the expansion of existing milling capacity to 800 tonnes per day (“**tpd**”). The mine is expected to produce peak annual production of 125,000 ozs with LOM AISC¹ of US\$787/troy ounce (“**oz**”) gold, which is below industry average.

¹ Cash cost and AISC are non-GAAP performance measures; please see “Non-GAAP Measures and Other Financial Measures” for further information.

On February 27, 2019, Pure Gold announced the results of a PEA on its Fork, Russet South and Wedge deposits. The PEA evaluated a range of mine plans from 400 tpd to 800 tpd and considered ramping up throughput to concurrently process the material from the PEA with the Madsen reserve. However, unless the Inferred Resources from Russet South, Fork and Wedge are converted to Indicated, the only scenario the PEA could contemplate is to conceptually mine the three deposits after the end of the feasibility mine plan. Pure Gold intends to continue work to upgrade and expand mineral resources so that further mine plan optimizations may be advanced.

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

The PEA implementation schedule spans a period of 12 months, with portal construction and underground mine development at the three deposits commencing approximately 12 months before the first gold pour. The project requires initial capital of C\$57 million (including contingency) to support the construction of the underground mines and associated infrastructure. The mine plan is expected to produce 210,000 ozs over LOM with AISC¹ of US\$712/oz gold, which are below industry averages. The PEA indicated a pre-tax NPV_{5%} and IRR of \$79 million and 57% respectively with a 1.6-year payback of initial capital; and an after-tax NPV_{5%} and IRR of \$51 million and 39% respectively with a 2.0-year payback of initial capital.

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.

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

For additional information on the mineral resource estimate dated February 5, 2019, the feasibility study dated February 11, 2019 and the Fork, Russet South and Wedge deposits PEA dated February 27, 2019, including information on key assumptions used to estimate the mineral resource, and prepare the feasibility study and the PEA, please refer to the Technical Report, which is available on SEDAR at www.sedar.com and which is described herein under the heading "Mineral Properties – Madsen Gold Project, Red Lake, Canada".

Expected Changes to the Business

As of the date of this AIF, Management of the Corporation do not expect any material changes to the business; however, as is typical of the mineral exploration and development industry, from time to time Pure Gold reviews potential merger, acquisition, investment and joint venture transactions and opportunities that could enhance shareholder value.

Furthermore, there can be no assurance that the results of exploration or development programs planned or underway will not result in material changes to the scientific and technical information contained herein. Accordingly, readers of this AIF are urged to read the press releases issued by Pure Gold once they become available on SEDAR, for full and up-to-date information concerning the Corporation's business and its material exploration property interests.

Significant Acquisitions

Pure Gold did not make any significant acquisitions during the financial year ended December 31, 2018 that would require the Corporation to file a Form 51-102F4 *Business Acquisition Report* under Part 8 of NI 51-102.

DESCRIPTION OF THE BUSINESS

Pure Gold is principally engaged in the acquisition, exploration and development of mineral properties, or interests in companies controlling mineral properties, which feature high metal grades, meaningful size and access to existing infrastructure, in Canada.

The Corporation's objective is to become a producing gold company. Pure Gold's technical and management teams are currently focused on discovering new mineralization and advancing the Madsen Gold Project, a high grade gold project located in Red Lake, Ontario, Canada and centered around two significant past producing gold mines. The Madsen Gold Project is the Corporation's only material property.

Overview

Pure Gold is a TSX-V listed gold mining, development and exploration company, focused in the Red Lake Gold District. The Corporation is also in process of seeking a listing on the London Stock Exchange or a Main Market Standard Listing which is anticipated to be active after the date of this AIF. The Corporation's principal business is the acquisition, development, and exploration of mineral properties.

The Corporation has operated the Madsen Gold Project located in Red Lake Gold District of Ontario, Canada, for approximately five years. The Madsen Gold Project comprises the Madsen Deposit and three satellite deposits called Wedge, Fork and Russet South included within over 4,700 hectares of prospective exploration ground. Pure Gold announced a positive feasibility study for the Madsen Deposit on February 11, 2019 and will actively seek financing to bring the Madsen Deposit into production.

Further information about Pure Gold can be found in the Corporation's regulatory filings available on SEDAR at www.sedar.com and on the Corporation's website at www.puregoldmining.ca.

The Red Lake, Ontario, Gold Mining District

The Red Lake area in Northwestern Ontario is one of the most prolific gold regions in Canada. The area hosts several gold mines, where the combined historical production and remaining proven reserves total more than 30 million ozs of gold. Initial gold production occurred at the Howey Mine in 1930, and today, several integrated operations are operated by Goldcorp. The region continues to be actively explored.

As a result of the proven potential of this gold mining camp and the continued excitement being generated by Goldcorp's Red Lake Mine, the Red Lake greenstone belt has attracted many firms, from senior producers to junior exploration companies, to stake claim and explore the

district. Active companies in Red Lake include Goldcorp, Rubicon Minerals and Premier Gold. Several junior exploration companies are actively exploring the camp.

The Red Lake Gold District is situated in the Red Lake greenstone belt, an Archean package of metavolcanic and metasedimentary rocks. Most of the gold production in this district has come from structurally controlled vein-type gold deposits hosted in sequences of mafic to felsic volcanics and minor sediments adjacent to ultramafic volcanics and intrusions. Regionally, the belt exhibits a system of five northeast and northwest-trending deformation zones with associated hydrothermal alteration. All of the major Gold deposits in the district are located close to a regional mafic volcanic-sediment contact or 'break' - which is believed to be an important control on gold mineralization.

Competitive Conditions

The Corporation's business is intensely competitive, and the Corporation competes with other exploration, development and mining companies, many of which have greater resources and experience. As described in this AIF, under "*Risk Factors*", competition in the precious metals mining industry is primarily for mineral rich properties which can be developed and produced economically and the capital for the purpose of financing development of desired properties.

In addition, this competition may impact the Corporation's ability to recruit or retain qualified employees with the technical expertise to find, develop, or operate such properties.

Specialized Skills and Knowledge

Pure Gold believes that its success is dependent on the performance of its management and key employees, many of whom have specialized knowledge and skills relating to the precious metals exploration business. Pure Gold believes it has adequate personnel with the specialized skills required to successfully carry out its operations. As at March 20, 2019, the Corporation and its subsidiaries had 10 employees. The Corporation also has access through an administrative and technical services agreement (the "**Services Agreement**") with Oxygen Capital Corp. ("**Oxygen**"), to a number of highly skilled individuals with many years of experience within the mining industry in areas such as structural geology, engineering, finance and business development.

The Corporation has entered into the Services Agreement with Oxygen, a private entity owned in part by a director and a member of senior management of the Corporation to provide services to the Corporation including staffing, office rental and other administrative functions on a cost recovery basis. The Corporation benefits from expanded access to technical and administrative personnel as a result of the Oxygen relationship. Several key personnel of the Corporation are employed by Oxygen, and provide services through the arrangement including key technical staff and the Corporation's Chief Financial Officer. A total of up to 9 people from Oxygen provide services to the Corporation.

Health, Safety and Environment

The Corporation places great emphasis on providing a safe and secure working environment for all of Pure Gold's employees, and recognizes the importance of operating in a sustainable manner.

The Corporation had no lost-time accidents during the financial years ended December 31, 2018 and March 31, 2018.

The Corporation believes awareness and communication of risks are critical steps in preventing accidents on each of the property interests operated by the Corporation.

There were no significant environmental incidents at any of the exploration properties at which the Corporation is the operator through the nine months ended December 31, 2018 or twelve months ended March 31, 2018.

Pure Gold is subject to federal and provincial environmental laws and regulations. Management have put in place ongoing monitoring programs at the Corporation's properties, and posts surety bonds, as required, in compliance with provincial closure, reclamation and environmental obligations. The estimate for future reclamation and property closure costs for the Madsen Gold Project at December 31, 2018 was \$2.4 million. The reclamation obligation relates to historical disturbance from past mining activities on the Madsen Gold Project and for closing the Madsen Portal after it was re-opened in fiscal 2017. Pure Gold has submitted a Project Description to provincial regulators to incorporate a mining operation as outlined in the February 2019 feasibility study. This submission starts the provincial review process for the ultimate permit amendment to allow Madsen to resume production. It is anticipated that closure costs for Madsen will increase significantly once the project receives the necessary permits to operate. The size of the ultimate surety bond and closure obligation will be negotiated with provincial regulators and is not yet known.

Pure Gold's projects are subject to periodic monitoring by government agencies with respect to environmental protection plans and practices, which in many circumstances must be detailed when applying for exploration and development permits.

Corporate Social Responsibility

Pure Gold understands that having a strong social presence will be imperative to the success of the project.

Ensuring that the local communities have an understanding of and appreciation for, the potential impacts of exploration, development and mining activity in the region will be a focus going forward. Fortunately, the Red Lake area has a tremendous mining history where the local communities have a strong understanding of the benefits and risks that a mining project can bring to an area. As the project advances and exploration and development plans are confirmed, management plans to engage further with community members, to solicit and respond to feedback and concerns raised from concerned citizens. Pure Gold has also hosted property tours for interested members of the community. On a regular basis, the Corporation will:

- Provide information and regular updates to community groups, First Nations, and the general public regarding exploration activities for the project;
- Undertake exploration in a safe manner, and assess safety, health, environmental and social risks associated with each phase of the project; and
- Support transparent and fair employment strategies at the local level, and where possible, employ a local workforce at all skill levels.

RISK FACTORS

An investment in securities of the Corporation involves a significant degree of risk and must be considered highly speculative due to the nature of the Corporation's business and the present stage of exploration and development of its mineral property interests. There are widespread risks associated with any form of business and specific risks

associated with Pure Gold's business and its involvement in the mineral exploration and development industry. There are a number of risks, including those listed below, that may have a material and adverse impact on the future operating results and financial performance of Pure Gold and could cause actual events to differ materially from those described in forward-looking statements related to the Corporation.

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits, which, though present, are insufficient in quantity or quality to return a profit from production. **Shareholders of Pure Gold may lose their entire investment.**

In addition to the other information set forth elsewhere in this AIF, the following risk factors should be carefully reviewed by prospective investors and current shareholders. These risks may not be the only risks faced by Pure Gold. Risks and uncertainties not presently known by Pure Gold or which are presently considered immaterial may also adversely affect Pure Gold's business, properties, results of operations and/or condition (financial or otherwise). **If any of the following risks actually occur, Pure Gold's business, financial condition, operating results and prospects could be adversely affected.**

All references to "Pure Gold" or the "Corporation" in this section entitled "*Risk Factors*" include Pure Gold and any subsidiaries, joint ventures and strategic alliances, except where the context otherwise requires. Before making an investment decision, prospective investors should carefully consider the risks and uncertainties described herein, as well as the other information contained in the Corporation's public filings and should seek independent financial advice.

Risks inherent in the nature of mineral exploration and development

Mineral exploration and development involves several risks which experience, knowledge and careful evaluation may not be sufficient to overcome. Large capital expenditures are required in advance of anticipated revenues from operations. Many exploration programs do not result in the discovery of mineralization; moreover, mineralization discovered may not be of sufficient quantity or quality to be profitably mined. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labour are some of the risks involved in the conduct of exploration programs and the operation of mines. It is impossible to ensure that the exploration or development programs planned by the Corporation will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as quantity and quality of mineralization and proximity to infrastructure; mineral prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. Other factors include: the ability to hire and retain qualified people and the ability to obtain suitable machinery or equipment. Unfavourable changes to these and other factors have the potential to negatively affect the Corporation's operations and business.

All phases of the mineral exploration activities of the Corporation are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Mining and exploration activities are also subject to various laws and regulations relating to the protection of the environment. Although the Corporation believes that its exploration and development activities are currently carried out

in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that would limit or curtail production or development. Amendments to current laws and regulations governing the operations and activities of the Corporation or more stringent implementation thereof could have a substantial adverse impact on the Corporation. In the context of environmental permitting, including the approval of reclamation plans, the Corporation must comply with known standards, existing laws and regulations which may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority. The Corporation is not aware of any material environmental constraint affecting Madsen that would preclude the economic development or operation of the project.

Reserve and resource estimates may prove to be incorrect

Disclosed reserve and mine life estimates for the Madsen Gold Project should not be interpreted as assurances of mine life or of the profitability of current or future operations. We estimate and report our mineral reserves and resources in accordance with the requirements of the applicable Canadian securities regulatory authorities and industry practice.

The United States Securities and Exchange Commission (“**SEC**”) does not permit mining companies in their filings with the SEC to disclose estimates other than mineral reserves. However, because we prepared this disclosure document in accordance with Canadian disclosure requirements, this disclosure document also incorporates estimates of mineral resources. Mineral resources are concentrations or occurrences of minerals that are judged to have reasonable prospects for economic extraction, but for which the economics of extraction cannot be assessed, whether because of insufficiency of geological information or lack of feasibility analysis, or for which economic extraction cannot be justified at the time of reporting. Consequently, mineral resources are of a higher risk and are less likely to be accurately estimated or recovered than mineral reserves.

Our mineral reserves and resources are estimated by persons who are “independent” for purposes of applicable securities legislation.

The mineral reserve and resource figures included or incorporated in this disclosure document by reference are estimates based on the interpretation of limited sampling and subjective judgments regarding the grade, continuity and existence of mineralization, as well as the application of economic assumptions, including assumptions as to operating costs, production costs, mining and processing recoveries, cut-off grades, long-term commodity prices and, in some cases, exchange rates, inflation rates and capital costs. As a result, changes in estimates or inaccuracy of estimates may affect our reserves and resources.

The sampling, interpretations or assumptions underlying any reserve or resource estimate may be incorrect, and the impact on reserves or resources may be material. Should the mineralization and/or configuration of a deposit ultimately turn out to be significantly different from that currently envisaged, or should regulatory standards or enforcement change, then the proposed mining plan may have to be altered in a way that could affect the tonnage and grade of the reserves mined and rates of production and, consequently, could adversely affect the profitability of the mining operations. In addition, short term operating factors relating to the reserves, such as the need for orderly development of ore bodies or the processing of new or different ores, may cause reserve and resource estimates to be modified or operations to be unprofitable in any particular fiscal period.

There can be no assurance that our projects or operations will be, or will continue to be, economically viable, that the indicated amount of minerals will be recovered or that they will be recovered at the prices assumed for purposes of estimating reserves.

The Corporation is still engaged in exploration on its material properties in order to determine if any additional economic deposits exist thereon. The Corporation may expend substantial funds in exploring some of its properties only to abandon them and lose its entire expenditure on the properties if no commercial or economic quantities of minerals are found. Even if commercial quantities of minerals are discovered, the exploration properties might not be brought into a state of commercial production. Finding mineral deposits is dependent on a number of factors, including the technical skill of exploration personnel involved.

The commercial viability of a mineral deposit once discovered is also dependent on a number of factors, some of which are the particular attributes of the deposit, such as content of the deposit including harmful substances, size, grade and proximity to infrastructure, as well as metal prices and the availability of power and water in sufficient supply to permit development. Most of these factors are beyond the control of the entity conducting such mineral exploration.

Decreases in commodity prices and commodity price risks could impact the Corporation and feasibility of our projects.

Declining commodity prices can impact operations by requiring a reassessment of the feasibility of Madsen. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even though the February 2019 feasibility study for Madsen indicates the project is economically viable, the economic viability will need to be periodically re-assessed and the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

The price of the Common Shares, the Corporation's financial results and exploration, development and mining activities may in the future be significantly and adversely affected by declines in the price of gold or other minerals. The price of gold or other minerals fluctuates widely and is affected by numerous factors beyond the Corporation's control, including but not limited to the sale or purchase of commodities by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar, global and regional supply and demand, the political and economic conditions of major mineral-producing countries throughout the world, and the cost of substitutes, inventory levels and carrying charges. Future price declines in the market value of gold or other minerals could cause continued development of and commercial production from the Corporation's properties to be impracticable. Depending on the price of gold and other minerals, cash flow from mining operations may not be sufficient and the Corporation could be forced to discontinue production and may lose its interest in, or may be forced to sell, some of its properties. Economic viability of future production from the Corporation's mining properties, if any, is dependent upon the prices of gold and other minerals being adequate to make the properties economic.

In addition to adversely affecting any resource and reserve estimates of the Corporation and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct

such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Failure to achieve estimates or material increases in costs could have an adverse impact on our future cash flows, business, results of operations and financial condition.

We prepare budgets and estimates of cash costs and capital costs for our operations and our main costs relate to material costs, workforce and contractor costs, energy costs and closure and reclamation costs. As a result of the substantial expenditures involved in the development of mineral projects and the fluctuation of costs over time, development projects may be prone to material cost overruns. Our actual costs may vary from estimates for a variety of reasons, including: short-term operating factors; revisions to development plans; risks and hazards associated with mining; natural phenomena, such as inclement weather conditions, water availability and unexpected labour issues, labour shortages, strikes or community blockades. Many of these factors are beyond our control.

The Corporation's Securities are Subject to Market Price Volatility

The market price of the Common Shares may be adversely affected by a variety of factors relating to Pure Gold's business, including fluctuations in the Corporation's operating and financial results, the results of any public announcements made by Pure Gold and the failure to meet analysts' expectations.

The market prices of securities of Pure Gold have experienced wide fluctuations which may not necessarily be related to the financial condition, operating performance, underlying asset values or prospects of Pure Gold. Securities of micro-cap and small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. This volatility may adversely affect the market price of the Common Shares.

The price of the Corporation's public securities is also likely to be significantly affected by short-term changes in gold prices. Other factors unrelated to the Corporation's performance that may have an effect on the price of the Common Shares include the following: (i) the extent of analytical coverage available to investors concerning the Corporation's business may be limited if investment banks with research capabilities do not follow the Corporation's Common Shares; (ii) lessening in trading volume and general market interest in the Corporation's securities may affect an investor's ability to trade significant numbers of Common Shares; (iii) the size of the Corporation's public float may limit the ability of some institutions to invest in the Corporation's Common Shares; and (iv) a substantial decline in the price the Common Shares that persists for a significant period of time could cause the Corporation's Common Shares to be delisted from the TSX-V or from any other exchange upon which the Corporation's Common Shares may trade from time to time, further reducing market liquidity.

As a result of any of these factors, the market prices of the Common Shares at any given point in time may not accurately reflect the Corporation's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Corporation may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Indigenous Peoples

Various national and provincial laws, codes, resolutions, conventions, guidelines, and other materials relate to the rights of First Nations and Metis (“**Indigenous peoples**”). Pure Gold operates in an area presently or previously inhabited or used by Indigenous peoples. Many of these materials impose obligations on government to respect the rights of indigenous people. Some mandate that government consult with Indigenous peoples regarding government actions which may affect indigenous people, including actions to approve or grant mining rights or permits. The obligations of government and private parties under the various national materials pertaining to Indigenous peoples continue to evolve and be defined.

The Corporation’s current and future operations are subject to a risk that one or more groups of Indigenous peoples may oppose continued operation, further development, or new development of Pure Gold’s projects or operations. Such opposition may be directed through legal or administrative proceedings or expressed in manifestations such as protests, roadblocks or other forms of public expression against the Corporation’s activities. Opposition by Indigenous peoples to the Corporation’s operations may require modification of, or preclude operation or development of, the Corporation’s projects or may require the Corporation to enter into agreements with Indigenous peoples with respect to the Corporation’s projects.

Keewatin Decision

In August 2011, an Ontario court issued a ruling that may affect future permitting of mining operations and other land uses within the Keewatin Lands (the lands in which the Madsen Gold Project is situated). Permits for mine operations are issued by the Province of Ontario. However, because the court ruled that Ontario requires federal authorization (or Treaty 3 First Nations consent) to the “taking up” of lands in Keewatin where doing so would “significantly interfere” with Treaty 3 harvesting rights, the Province of Ontario can only issue land authorizations so long as such authorizations do not have such effect. While the trial court provided some guidance on how to determine if an action would have the effect of “significantly interfering” with harvesting rights, the issue was ambiguous and would require further definition by the courts. The decision was stayed pending appeal.

On March 18, 2013, the Ontario Court of Appeal overturned the trial judge’s ruling and allowed the appeal. The Court of Appeal disagreed with the trial judge’s interpretation of Treaty 3, which imposed a two-step federal and provincial approval process, and concluded that the Province of Ontario can avail itself of the “taking up” powers under Treaty 3, so as to limit harvesting rights, without conducting separate consultation with the federal government.

On July 11, 2014, the Supreme Court of Canada (“**SCC**”) upheld the Court of Appeal’s decision that Ontario has the authority to take up lands in the Keewatin Territory so as to limit the First Nations’ harvesting rights without the approval of Canada. Consistent with its recent decision in *Tsilhqot’in Nation* (released on June 26, 2014, relating to First Nation’s rights in British Columbia), the SCC also held that provinces have the authority to infringe Indigenous treaty rights if the infringement can be justified under s. 35 of the *Constitution Act, 1982*.

Although Pure Gold currently has substantially all of the required exploration permits (certain permits may be required to drill near provincial highways) for its Madsen Gold Project plans, any change or uncertainty in the permitting process may have an adverse impact on Pure Gold’s operations. There can be no assurance that delays or new objections will not occur in connection with obtaining all necessary renewals of such permits for the existing operations or additional permits for any possible future changes to operations. Additional permits will be required should the Madsen Gold Project go into production. See *Permitting and License Risks*.

Specifically, Pure Gold understands, as a result of inquiry, that the First Nations communities possibly affected by the Madsen Gold Project are the Lac Seul, Wabauskang, Wabaseemoong, Grassy Narrows and Naothamegwanning (Whitefish Bay) First Nations, with Lac Seul and Wabauskang being the most affected.

Pure Gold has engaged with Lac Seul and Waubaskang and has begun negotiations on a project agreement (“**Project Agreement**”) that would provide for a mechanism for financial participation for Lac Seul and Wabauskang in the Madsen Gold Project for loss of use of traditional territories.

There is no guarantee that all or some of these communities will approve of the Madsen Gold Project going forward or that costs of the Project Agreement won't have an adverse economic consequence to the Madsen Gold Project.

Permitting and License Risks

In the ordinary course of business, Pure Gold will be required to obtain and renew governmental licences or permits for the operation and expansion of the Material Property or for the development, construction and commencement of mining at any of the Corporation's mineral resource properties, including the Material Property. Obtaining or renewing the necessary governmental licences or permits is a complex and time-consuming process involving numerous jurisdictions involving public hearings and costly permitting and other legal undertakings on the part of the Corporation.

In Canada, as with many jurisdictions, there are various federal, provincial and local laws governing land, power and water use, the protection of the environment, development, occupational health and safety, waste disposal and appropriate handling of toxic substances. Such operations and exploration activities are also subject to substantial regulation under these laws by governmental agencies and require the Corporation to obtain permits from various governmental agencies.

Exploration generally requires one form of permit while development and production operations require additional permits. There can be no assurance that all permits which the Corporation may require for future exploration or possible future development will be obtainable at all or on reasonable terms. In addition, future changes in applicable laws or regulations could result in changes in legal requirements or in the terms of existing permits applicable to the Corporation or its properties. This could have a negative effect on the Corporation's exploration activities or the Corporation's ability to develop its properties.

The duration and success of the Corporation's efforts to obtain and renew licences or permits are contingent upon many variables not within Pure Gold's control, including the interpretation of applicable requirements implemented by the licensing authority. The Corporation may not be able (and no assurances can be given with respect to its ability) to obtain or renew licences or permits that are necessary to operations at Pure Gold's property interests, including, without limitation, an exploitation or operations licence, or the cost to obtain or renew licences or permits may exceed what Pure Gold believes can be recovered from its property interests if they are put into production. Any unexpected refusals of required licences or permits or delays or costs associated with the licensing or permitting process could prevent or delay the development or impede the operation of a mine, which could adversely impact the Corporation's operations and profitability.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or other remedial actions.

The Corporation does currently have a number of permits relating to the Madsen Gold Project, including:

- a Permit to Take Water (PTTW) for mine de-watering;
- an Environmental Compliance Approval (ECA) (formerly referred to as a certificate of approval) for Industrial Sewage Works relating to the operation of the tailings facility, including the treatment for mine dewatering and tailings basin storm water runoff and disposal of tailings from a 1,089 tpd gold ore milling operation. Only mine water and no other effluents are currently discharged as the Madsen Mine is in a state of temporary suspension; and
- Mine Closure Plans pertaining to existing infrastructure and the Madsen Portal.

While the Corporation can foresee no reason why it may not receive all necessary permits, there can be no assurance that all permits which the Corporation may require for future exploration or possible future development will be obtainable at all or on reasonable terms. Further, any additional future laws and regulations, changes to existing laws and regulations (including, but not restricted to, the imposition of higher licence fees, mining royalties or taxes) or more stringent enforcement or restrictive interpretation of current laws and regulations by governmental authorities, or of rulings or clearances obtained from such governmental authorities, could cause additional expenditure (including capital expenditure) to be incurred or impose restrictions on, or suspensions of, the Corporation's operations and cause delays in the development of its properties. Moreover, these laws and regulations may allow governmental authorities and private parties to bring lawsuits based upon damage to or destruction of properties and injury to persons resulting from the environmental, health and safety impacts of the Corporation's past and current operations, and could lead to the imposition of substantial fines, penalties or other civil or criminal sanctions. The occurrence of any of these factors may have a material adverse effect on the Corporation's business, results of operations and financial condition and the price of the Common Shares.

The directors cannot be certain that the Corporation will receive the necessary permits and licences at all, or on acceptable terms required to conduct further exploration and to develop its properties and bring them into production. The directors also cannot be certain what conditions will be attached to such permits and licences or whether the Corporation will be able to fulfil such conditions. The failure to obtain such permits or licences, or delays in obtaining such permits or licences, or failure to fulfil any conditions attaching to such permits or licences, could increase the Corporation's costs and delay its activities, which could adversely affect the properties, business or operations of the Corporation.

Measures to Protect Endangered Species

Canada is a country with a diverse and fragile ecosystem and the federal government, regional governments and nongovernmental organizations (NGOs) are vigilant in their protection of endangered species. The existence or discovery of an endangered species at the Madsen Gold Project would likely have a number of adverse consequences to the Corporation's plans and operations. For instance, the presence of an endangered species could require the Corporation to modify its design plans and construction, to take extraordinary measures to protect the species or to cease its activities at the Madsen Gold Project temporarily or permanently, all

of which would delay the Madsen Gold Project's development and production and would have an adverse economic impact on Pure Gold, which could be material. The existence or discovery of an endangered species at the Madsen Gold Project could also ignite NGO and local community opposition to the Madsen Gold Project, which would be a further barrier to development and could impact the Corporation's global reputation.

Government and Community / Stakeholder Regulation and Approvals

In addition to Permitting and License Risks, the mineral exploration activities as well as the future mining, processing and development activities of the Corporation are subject to extensive laws and regulations governing prospecting, exploration, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, waste disposal, water use, land claims of local people, protection of historic and archaeological sites, mine development, protection of endangered and protected species and other matters.

Government and community / stakeholder approvals, approval of Indigenous peoples and permits are currently, and may in the future be required in connection with the Corporation's operations. To the extent such approvals are required and not obtained, the Corporation may be curtailed or prohibited from continuing its exploration or mining operations or from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Regulators in Canada have broad authority to shut down and/or levy fines against facilities that do not comply with regulations or standards.

The Corporation's mineral exploration and mining activities in Canada may be adversely affected in varying degrees by changing government regulations relating to the mining industry or shifts in political conditions that increase royalties payable or the costs related to the Corporation's activities or maintaining its properties. Operations may also be affected in varying degrees by government regulations with respect to restrictions on production, price controls, government imposed royalties, claim fees, export controls, income taxes, and expropriation of property, environmental legislation and mine safety. The effect of these factors cannot be accurately predicted. Although the Corporation's exploration and development activities are currently carried out in material compliance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development.

Furthermore, any shift in political attitudes, or amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof are beyond the control of the Corporation and could have a substantial adverse impact on the Corporation.

Risks with Underground Development

At the end of fiscal 2017, the Corporation opened the Madsen Portal to access the existing underground workings at the Madsen Gold Project.

The Corporation's activities related to the development of the Madsen Gold Project are subject to risks inherent in the mining industry generally, including unexpected problems associated with required water flow, retention and treatment, water quality, surface and underground conditions, equipment performance, accidents, labour disputes, force majeure risks and natural disasters. Particularly with underground development, inherent risks include variations in rock structure and strength as it impacts on construction of the mine, and de-watering and water handling requirements (if required) and unexpected local ground conditions. Hazards, such as unusual or unexpected rock formations, rock bursts, pressures, collapses, flooding or other conditions may be encountered during construction. Such risks could result in personal injury or fatality; damage to or destruction of the mine, processing facilities or equipment; environmental damage; delays, suspensions or permanent cessation of activities; monetary losses; and possible legal liability.

Availability of Power

There is limited electrical power capacity available in the Red Lake area. Hydro One, the Ontario government agency responsible for providing power to the Red Lake area, is working with the Corporation to determine what upgrades to the power supply grid will be required to ensure that there is sufficient power for the Corporation's planned activities. There is no guarantee that power will be available without the addition of significant costs to the Madsen Gold Project.

Contractor Performance

As the Corporation proceeds with the advancement of the Madsen Gold Project, the timely and cost-effective completion of the work will depend to a large degree on the satisfactory performance of Pure Gold's contractors, as well as the design and engineering consultants who will be responsible for the different elements of the site and mine plan. If any of these contractors or consultants does not perform to accepted or expected standards, Pure Gold may be required to hire different contractors to complete tasks, which may impact schedules and add costs to the Madsen Gold Project and, in some cases lead to significant risks and losses. A major contractor default or the failure to properly manage contractor performance could have a material impact on Pure Gold's results.

Major Amendments to Ontario's Mining Act

Ontario's *Mining Act* was significantly amended by the *Mining Amendment Act, 2009* that became law in 2009. The amendments are as a result of the Ontario government's initiative to modernize the way mining companies stake and explore claims in Ontario and relate to prospecting land, staking mining claims, disputing claims, assessment work, surface rights owners, exploration work, diamond mine royalties and consultation with Indigenous communities. Some provisions came into effect in 2009, while other changes have not yet been phased in.

The amendments add significant new requirements regarding Indigenous consultation and dispute resolution and the protection of sites of Indigenous cultural significance from the impacts of mineral exploration.

Reclamation Costs

Pure Gold is required by provincial legislation to provide financial assurance sufficient to allow a third party to implement approved closure and reclamation plans if it is unable to do so.

These laws are complex and the laws govern the determination of the scope and cost of the closure and reclamation obligations and the amount and forms of financial assurance.

As of December 31, 2018, Pure Gold has provided the appropriate regulatory authorities with \$2.4 million in financial assurance in the form of surety bonds for its reclamation obligations at the Madsen Gold Project. Pure Gold has placed cash deposits of approximately 55% of the financial assurance amounts with the surety as partial collateral for the surety bonds issued. The amount and nature of the financial assurances are dependent upon a number of factors, including Pure Gold's financial condition and reclamation cost estimates. Changes to these amounts, as well as the nature of the collateral to be provided, could significantly increase Pure Gold's costs, making the maintenance and development of a mine less economically feasible. However, the regulatory authorities may require further financial assurances. To the extent that the value of the collateral provided to the regulatory authorities is or becomes insufficient to cover the amount of financial assurance Pure Gold is required to post, Pure Gold would be required to replace or supplement the existing security with more expensive forms of security, which might include additional cash deposits, which would reduce its cash available for operations and financing activities.

Although the Corporation has currently made provisions for certain of its reclamation obligations, there is no assurance that these provisions will be adequate in the future. The amount of financial assurance required is expected to increase significantly through negotiation with provincial regulatory authorities as the Madsen Gold Project advances through permitting. There can be no guarantee that Pure Gold will have sufficient capital resources to further supplement its existing security.

Failure to provide regulatory authorities with the required financial assurances could potentially result in the closure of Pure Gold's operations, which could result in a material adverse effect on its operating results and financial condition.

Non-Compliance and Compliance Costs

Pure Gold is subject to various laws and regulations. The costs associated with compliance with such laws and regulations may cause substantial delays and require significant cash and financial expenditure, which may have a material adverse effect on the Corporation or the development of the Madsen Gold Project.

The officers and directors of the Corporation rely, to a great extent, on the Corporation's legal counsel and local consultants and advisors in respect of legal, environmental compliance, banking, financing and tax matters in order to ensure compliance with material legal, regulatory and governmental developments as they pertain to and affect the Corporation's operations.

Despite these resources, the Corporation may fail to comply with a legal or regulatory requirement, which may lead to the revocation of certain rights or to penalties or fees and in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions.

Parties engaged in exploration operations may be required to compensate those suffering loss or damage by reason of the exploration activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws. Any of the foregoing may have a material adverse effect on the Corporation or the development of the Madsen Gold Project.

Current Economic Conditions

The unprecedented events in financial markets in the past few years have had a profound impact on the global economy. Many industries, including the precious metals mining industry, continue to be impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, high volatility in global equity, commodity, foreign exchange and precious metal markets and a lack of market liquidity.

A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates and tax rates may adversely affect Pure Gold's growth and profitability.

Specifically, the current commodity market conditions have had an impact on the cost and availability of financing and liquidity for commodity related companies and there is a risk that Pure Gold will not be able to successfully finance ongoing operations. The volatility of gold prices would also impact Pure Gold's future expected revenues, profits, losses and cash flow.

Finally, volatile energy, commodity and consumables prices and currency exchange rates would impact Pure Gold's profits, if any, and the devaluation and volatility of global stock markets could impact Pure Gold.

These factors could have a material adverse effect on Pure Gold's financial condition and results of operations.

Dependence on Single Project

The only material property in which Pure Gold has an interest is the Madsen Gold Project.

It is not uncommon for new mining developments to experience unexpected problems and delays during construction, commissioning and production start-up, or indeed for such projects to fail. Any adverse event affecting the Madsen Gold Project, either during its development or following the commencement of production, would have a material adverse effect on the Corporation's business, results of operations, financial condition and the price of the Common Shares, as the Corporation has no other near-term source of revenue earnings.

Actual future development costs may differ materially from Pure Gold's estimates and may render the development of the Madsen Gold Project economically unfeasible. In the absence of additional mineral projects, Pure Gold is solely dependent upon the Madsen Gold Project for its future revenue and profits, if any. Should the development of the Madsen Gold Project not be possible or practicable for political, engineering, technical or economic reasons, then Pure Gold's business and financial position may be significantly and adversely affected.

History of Net Losses and Negative Operating Cash Flow

The Corporation generates no operating revenue from the exploration activities on its property interests and has negative cash flow from operating activities. Therefore, it is subject to many risks common to comparable companies, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources as well as a lack of revenues. The Corporation anticipates that it will continue to have negative cash flow until such time that commercial production is achieved at a particular project.

The Corporation has no sources of revenue, and has significant cash requirements to meet its exploration commitments, administrative overhead and maintain its mineral interests. The Corporation expects to continue to incur losses unless or until one or more of its properties enters into commercial production and generates sufficient revenue to fund continuing operations. The Corporation will need to raise sufficient funds to fund ongoing exploration, advance its projects, if warranted, to the pre-feasibility and feasibility stages, provide for capital costs of building mining facilities and to provide for ongoing general and administrative expenses. There can be no assurance that current exploration programs will result in the discovery of commercial deposits or, ultimately, in profitable mining operations.

Additional Capital and Potential Dilution to Common Shares

Pure Gold's articles of incorporation allow the Corporation to issue an unlimited number of Common Shares for such consideration and on such terms and conditions as shall be established by our Board, in many cases, without the approval of the shareholders.

There are currently 257,251,050 Common Shares issued and outstanding. The increase in the number of Common Shares issued and outstanding through further issuances may have a depressive effect on the price of the Common Shares and will dilute the voting power of the Corporation's existing shareholders and the potential value of each of the Corporation's Common Shares.

The exploration and development of the Corporation's properties will require substantial additional financing. Failure to obtain sufficient financing may result in the delay or indefinite postponement of exploration, development or production on any or all of the Corporation's properties or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be on terms that are favourable to the Corporation.

In addition, the Corporation has issued potentially dilutive securities in the form of incentive stock options to purchase Common Shares ("**Options**") pursuant to Pure Gold's Stock Option Plan (the "**Option Plan**"). As at March 20, 2019, there were 17,540,000 Common Shares issuable upon the exercise of outstanding Options at a weighted average exercise price of \$0.40 per Common Share. The Corporation also has 14,465,000 Common Share Purchase Warrants outstanding at an exercise price of \$0.85 per share until May 24, 2020.

The Corporation may issue additional Common Shares in future offerings (including through the sale of securities convertible into or exchangeable for Common Shares) and on the exercise of stock options. The Corporation may also issue Common Shares to finance future acquisitions and other projects.

Issuances of a substantial number of additional Common Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Common Shares.

Major Shareholder with greater than 10% Holding

AngloGold Ashanti International Exploration Holdings Limited ("**AngloGold**") holds approximately 14.9% of the Corporation's issued and outstanding Common Shares. AngloGold is Pure Gold's single largest shareholder. As a result, AngloGold may have the ability to influence the outcome of matters submitted to the Pure Gold shareholders for approval, which could include the election and removal of directors, amendments to Pure Gold's corporate governance documents and business combinations. Pure Gold's interests and those of AngloGold may at

times conflict, and this conflict might be resolved against Pure Gold's interests. The concentration of 14.9% of Pure Gold's issued and outstanding shares in the hands of one shareholder may discourage an unsolicited bid for the Common Shares, and this may adversely impact the value and trading price of the Common Shares. AngloGold's participation in, or failure to participate in any issuance of additional securities of Pure Gold may have a material impact on the value and trading price of the Common Shares.

Canada's Extractive Sector Transparency Measures Act

The Canadian Extractive Sector Transparency Measures Act ("**ESTMA**"), which became effective June 1, 2015, requires public disclosure of payments to governments by mining and oil and gas companies engaged in the commercial development of oil, gas and minerals who are either publicly listed in Canada or with business or assets in Canada. Mandatory annual reporting is required for extractive companies with respect to payments made to foreign and domestic governments at all levels, including entities established by two or more governments, including Indigenous groups. Reporting on payments to Canadian First Nations will commence in 2018 for payments made in fiscal 2018. ESTMA requires reporting on the payments of any taxes, royalties, fees, production entitlements, bonuses, dividends, infrastructure improvement payments, and any other prescribed payment over \$100,000. Failure to report, false reporting or structuring payments to avoid reporting may result in fines of up to \$250,000 (which may be concurrent). We commenced ESTMA reporting in fiscal 2017. If we become subject to an enforcement action or in violation of ESTMA, this may result in significant penalties, fines and/or sanctions imposed on us resulting in a material adverse effect on our reputation.

Information Systems and Cyber Security

The Corporation's operations depend on information technology (IT) systems. These IT systems could be subject to network disruptions caused by a variety of sources, including computer viruses, security breaches and cyber-attacks, as well as disruptions resulting from incidents such as cable cuts, damage to physical plants, natural disasters, terrorism, fire, power loss, vandalism and theft.

The Corporation's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Corporation's reputation and results of operations.

Although to date the Corporation has not experienced any material losses relating to cyber-attacks or other information security breaches, there can be no assurance that the Corporation will not incur such losses in the future. The Corporation's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats.

As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority. As cyber threats continue to evolve, the Corporation may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Land Title

The acquisition of the right to explore and/or exploit mineral properties is a detailed and time-consuming process. Although the Corporation is satisfied it has taken reasonable measures to acquire unencumbered rights to explore its mineral properties in Canada, no assurance can be given that such claims are not subject to prior unregistered agreements or interests or to undetected or other claims or interests which could be material or adverse to the Corporation. The Corporation's Madsen Gold Project is subject to some unpatented mining claims to which the Corporation has only possessory title. Because title to unpatented mining claims is subject to inherent uncertainties, it is difficult to determine conclusively the ownership of such claims. These uncertainties relate to such things as sufficiency of mineral discovery, proper posting and marking of boundaries and possible conflicts with other claims not determinable from descriptions of record. Since a substantial portion of all mineral exploration, development and mining in Canada occurs on unpatented mining claims, this uncertainty is inherent in the mining industry in Canada.

The present status of the Corporation's unpatented mining claims located on public lands provides the Corporation with the exclusive right to mine and remove valuable minerals, such as precious and base metals. The Corporation is also allowed to use the surface of the land solely for purposes related to exploration, mining and processing the mineral-bearing ores. However, legal ownership of the land remains with the Ontario government. The Corporation remains at risk that the mining claims may be forfeited either to the government or to rival private claimants due to failure to comply with statutory requirements.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on the availability of adequate infrastructure. Reliable roads, bridges, power sources, fuel and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Corporation's operations, financial condition and results of operations.

Limited Operating History

Pure Gold has little history of sustained operations and no earnings. As such, the Corporation is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that the Corporation will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

Insurance and Uninsured Risks

The Corporation's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment, natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or exploration facilities, personal injury or death, environmental damage to the Corporation's properties or the properties of others, delays in the ability to undertake exploration, monetary losses and possible legal liability.

Although the Corporation maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance will not cover all the potential risks associated with a mining company's operations. The Corporation may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to

be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Corporation or to other companies in the mining industry on acceptable terms. The Corporation might also become subject to liability for pollution or other hazards which it may not be insured against or which the Corporation may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Corporation to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Environmental Risk

Exploration and development programs and operations in a historic mining camp have inherent risks and liabilities associated with pollution of the environment and the disposal of waste products. Laws and regulations involving the protection and remediation of the environment, including those addressing emissions into the air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species and reclamation of lands disturbed by mining operations and the governmental policies for implementation of such laws and regulations are constantly changing and are generally becoming more restrictive, with the trend towards stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and increasing responsibility for companies and their officers, directors and employees. Compliance with current or future environmental laws and regulations may require significant capital outlays on behalf of the Corporation and may cause material changes or delays in the Corporation's intended activities. There can be no assurance that future changes in environmental regulations will not adversely affect the Corporation's business, and it is possible that future changes in these laws or regulations could have a significant adverse impact on some portion of the Corporation's business and the properties operated, which could have a material and adverse effect on the Corporation's future cash flows, earnings, results of operations and financial condition. The Corporation cannot give any assurance that breaches of environmental laws (whether inadvertent or not) or environmental pollution will not result in additional costs or curtailment of planned activities and investments, which could have a material and adverse effect on the Corporation's future cash flows, earnings, results of operations and financial condition.

Competitive Conditions

The mineral exploration and mining business is competitive in all phases of exploration, development and production. The Corporation competes with a number of other entities in the search for and the acquisition of potentially productive mineral properties. In particular, there is a high degree of competition faced by the Corporation for desirable mining property interests, suitable prospects for drilling operations and necessary mining equipment, and many of these companies have greater financial resources, operational experience and/or more advanced properties than the Corporation. As a result of this competition, the majority of which is with companies with greater financial resources than the Corporation, the Corporation may be unable to acquire attractive properties in the future on terms it considers acceptable. The Corporation also competes with other resource companies, many of whom have greater financial resources and/or more advanced properties, in attracting equity and other capital necessary for the Corporation to advance the exploration and development of its mineral properties.

The ability of the Corporation to acquire additional properties depends on, among other things, its available working capital, its ability to explore and develop its existing properties, its ability to attract and retain highly-skilled employees, and on its ability to select, acquire and bring to production suitable properties or prospects for mineral exploration and development. Factors

beyond the control of the Corporation may affect the marketability of minerals mined or discovered by the Corporation. Mineral prices have historically been subject to fluctuations and are affected by numerous factors beyond the control of the Corporation.

Specialized Skill and Knowledge

Various aspects of the Corporation's business require specialized skills and knowledge. Such skills and knowledge include the areas of permitting, geology, drilling, metallurgy, logistical planning, engineering and implementation of exploration programs as well as finance and accounting. To date, the Corporation has found that it can locate and retain such employees and consultants and believes it will continue to be able to do so; however, no assurances can be made in that regard.

The number of persons skilled in construction, development, acquisition and exploration of mining properties is limited and competition for such persons is intense. As Pure Gold continues with the development of the Madsen Gold Project and its business activity grows, Pure Gold will require additional key construction, operations, financial and geologic personnel. There is a risk that Pure Gold will not be successful in attracting, training and retaining qualified personnel as competition for persons with these skill sets increases. If Pure Gold is not successful in attracting, training and retaining qualified personnel, the efficiency of Pure Gold's operations could be impaired, which could have an adverse impact on Pure Gold's future cash flows, earnings, results of operations and financial condition.

Acquisitions and Integration

From time to time, it can be expected that the Corporation will examine opportunities to acquire additional exploration and/or mining assets and businesses. Any acquisition that the Corporation may choose to complete may be of a significant size, may change the scale of the Corporation's business and operations, and may expose the Corporation to new geographic, political, operating, financial and geological risks. The Corporation's success in its acquisition activities depends upon its ability to identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition, and integrate the acquired operations successfully with those of the Corporation. Any acquisitions would be accompanied by risks. If the Corporation chooses to raise debt capital to finance any such acquisitions, the Corporation's leverage will be increased. If the Corporation chooses to use equity as consideration for such acquisitions, existing shareholders may suffer dilution. Alternatively, the Corporation may choose to finance any such acquisitions with its existing resources. There can be no assurance that the Corporation would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

Influence of Third Party Stakeholders

Some of the lands in which Pure Gold holds an interest, or the exploration equipment and roads or other means of access which Pure Gold intends to utilize in carrying out its work programs or general business mandates, may be subject to interests or claims by third party individuals, groups or companies. If such third parties assert any claims, Pure Gold's work programs may be delayed even if such claims are without merit. Such delays may result in significant financial loss and loss of opportunity for Pure Gold.

Future Sales of Common Shares by Existing Shareholders

Sales of a large number of Common Shares in the public markets, or the potential for such sales, could decrease the trading price of the Common Shares and could impair the Corporation's ability to raise capital through future sales of Common Shares. In particular, should

AngloGold (or any other large shareholder) decide to liquidate all or a significant portion of their position, it could adversely affect the price of the Common Shares.

Risk of Litigation

Pure Gold may become involved in disputes with third parties in the future that may result in litigation. The results of litigation cannot be predicted with certainty and defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. If Pure Gold is unable to resolve these disputes favourably or if the cost of the resolution is substantial, such events may have a material adverse impact on the ability of Pure Gold to carry out its business plan.

In addition, Pure Gold has partially financed its activities through the issuance of Flow-Through Shares and is required to make certain qualifying expenditures and tax filings, renouncing such qualifying expenditures to the benefit of the purchasers of the Flow-Through Shares ("**Flow-Through Shareholders**"). If Pure Gold fails to make the necessary qualifying expenditures and renounce them to Flow-Through Shareholders, it would be required to indemnify such Flow-Through Shareholders from any tax, interest and penalties assessed to the Flow-Through Shareholder by the Canada Revenue Agency.

In the event the Canada Revenue Agency disagrees with the Corporation's classification of expenditures to meet the definition of Canadian Exploration Expenses (as defined in the *Income Tax Act* (Canada), the Corporation may be obligated to reimburse the purchasers of Flow-Through Shares for any additional Canadian income tax they may be assessed because of this disagreement.

Conflicts of Interest

Certain of the directors and officers of the Corporation also serve as directors and/or officers of Oxygen, a company from whom the Corporation receives management and technical services, as well as other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers involving the Corporation should be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Corporation and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the *Business Corporations Act* (British Columbia) and other applicable laws.

Passive Foreign Investment Corporation ("PFIC")

Pure Gold has been classified as a PFIC within the meaning of Section 1291 through 1298 of the US Internal Revenue Code of 1986, as amended, for a number of its fiscal years. A US shareholder who holds stock in a foreign corporation during any year in which such corporation qualifies as a PFIC is subject to special US federal income taxation rules, which may have adverse tax consequences to such shareholder. Additionally, a United States shareholder may be eligible to make certain elections under two alternative tax regimes. A US shareholder should consult its own US tax advisor with respect to an investment in the Common Shares and to ascertain which elections, if any, might be beneficial to the United States shareholder's own facts and circumstances. Pure Gold has completed calculations to determine its PFIC status for each of its March 31, 2015, 2016, 2017 and 2018 fiscal year ends, which are available on the Corporation's website. The calculation for the Corporation December 31, 2018 year-end has not yet been completed, but will be added to the Corporation's website in due course.

Key Executives

The Corporation is dependent on the services and technical expertise of several key executives, including the directors of the Corporation and a small number of highly skilled and experienced executives and personnel. Many of these key executives are employed directly by Oxygen, and provide services through a technical and administrative services arrangement. Due to the relatively small size of the Corporation, the loss of any of these individuals or the termination of the agreement with Oxygen, may adversely affect the Corporation's ability to attract and retain additional highly skilled employees and may impact its business and future operations.

Internal Controls

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation. Although Pure Gold has a very limited history of operations, the Corporation has undertaken to put into place a system of internal controls appropriate for its size, and reflective of its level of operations, however, given the size of the Corporation and its limited resources, these controls may be inadequate to identify all errors.

Credit Risk

Credit risk arises from cash and cash equivalents held with banks and financial institutions, and amounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets.

Adverse effect of interest rate changes.

In the near future Pure Gold anticipates seeking project financing for the development of the Madsen Gold Project. A portion of this project financing may be obtained through the issuance of debt. Pure Gold may have exposure to changes in interest rates resulting from future borrowing activities undertaken to manage our liquidity and capital requirements.

There can be no assurance that the Corporation will not be materially adversely affected by interest rate changes in the future.

Liquidity Risk

Pure Gold has no debt, and at the date of this AIF, has approximately \$2.4 million in cash and short term deposits primarily held with large Canadian commercial banks.

Liquidity risk arises through the excess of financial obligations due over available financial assets at any point in time. The Corporation's objective in managing liquidity risk will be to maintain sufficient readily available cash reserves in order to meet its liquidity requirements at any point in time. The total cost and planned timing of acquisitions and/or other development or construction projects is not currently determinable and it is not currently known precisely when the Corporation will require external financing in future periods.

Dividend Policy

No dividends on the Common Shares have been paid by the Corporation to date. Payment of any future dividends will be at the discretion of the Corporation's board of directors (the "**Board**") after taking into account many factors, including the Corporation's operating results, financial condition and current and anticipated cash needs. At this time, the Corporation

has no source of cash flow and anticipates using all available cash resources towards its stated business objectives and retaining all earnings, if any, to finance its business operations.

Climate Change Risks

Pure Gold acknowledges climate change as an international and community concern and it supports and endorses various initiatives for voluntary actions consistent with international initiatives on climate change. However, in addition to voluntary actions, governments are moving to introduce climate change legislation and treaties at the international, national, state/provincial and local levels. Where legislation already exists, regulation relating to emission levels and energy efficiency is becoming more stringent. Some of the costs associated with reducing emissions can be offset by increased energy efficiency and technological innovation. However, if the current regulatory trend continues, Pure Gold expects that this could result in increased costs at some of its operations in the future.

MINERAL PROPERTIES

As at March 20, 2019, the Corporation holds an interest in one mineral property that is considered to be material within the meaning of applicable Canadian securities laws: (i) the Madsen Gold Project. This property is discussed in detail below. The remaining properties of the Corporation are in a relatively early stage.

Madsen Gold Project, Red Lake, Canada

Except as otherwise stated herein, the following disclosure relating to the Madsen Gold Project is based on information derived from the NI 43-101 Technical Report prepared by JDS Energy & Mining for the Madsen Gold Project titled “**Madsen Gold Project Technical Report Feasibility Study for the Madsen Deposit and Preliminary Economic Assessment For The Fork, Russet South and Wedge Deposits Red Lake, Ontario, Canada**”, effective February 5, 2019 and signed March 21, 2019 (the “**Technical Report**”) co-authored by Michael Makarenko P. Eng. JDS Energy & Mining Inc.; Michael Levy, P. Eng. JDS Energy & Mining Inc.; Kelly McLeod, P. Eng. JDS Energy & Mining Inc.; Dan Ruane, P. Eng. Knight Piésold Ltd.; Darcy Baker, P. Geo., Equity Exploration Consultants Ltd.; Marc Jutras, P. Eng., Ginto Consulting Inc.; Richard Boehnke, P. Eng. JDS Energy & Mining Inc. and Dave Stone, P.E., Minefill Services Inc. and is in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects. These authors are independent of Pure Gold and are independent “Qualified Persons” (as defined by NI 43-101) for the Technical Report upon which the Technical Information reproduced in this AIF is based. See in this AIF, “*Interests of Experts*”.

Readers are directed to and encouraged to review the Technical Report, which can be reviewed in its entirety under the Corporation’s profile on SEDAR at www.sedar.com and which qualifies the following disclosure. The following summary is not exhaustive. The Technical Report is intended to be read as a whole, and sections should not be read or relied upon out of context. The Technical Report contains the expression of the professional opinion of the Qualified Persons based upon information available at the time of preparation of the Technical Report. The following disclosure, which is derived from the Technical Report, is subject to the assumptions and qualifications contained in such report.

The executive summary section of the Technical Report is reproduced below. Portions of the following information are based on assumptions, qualifications and procedures which are not fully described in the summary. Reference should be made to the full text of the Technical Report,

which is incorporated by reference herein. All capitalized terms used in the summary below that are not otherwise defined shall have the meanings ascribed thereto in the Technical Report.

Executive Summary

1.1 Introduction

This report summarizes the results of the Feasibility Study (FS) completed by JDS Energy & Mining Inc. (JDS) as commissioned by Pure Gold Mining Inc. (Pure Gold or the 'Company') for the Madsen Gold Project (the Project or Madsen) and was prepared in accordance with the Canadian Securities Administrators' National Instrument 43-101 and Form 43-101F1, collectively referred to as National Instrument (NI) 43-101.

This report also contains the results of a Preliminary Economic Assessment (PEA) of gold mineralization at the Fork, Russet South, and Wedge deposits. The results of the PEA analysis are not included in the Feasibility Study. The PEA has been prepared in accordance with the NI 43-101.

The PEA is preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them to be categorized as Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. There is no certainty that the project presented in the PEA will be realized.

The Madsen Gold Project is a precious metals resource project located in the Red Lake district of Northwestern Ontario. Based on Probable Reserves, a subset of the Indicated Resource category, the Project will develop a mining and processing operation with mining from five zones near the historical Madsen Mine over a 12-year production period by way of a ramp and an overhauled shaft access underground mine, an expanded and refurbished cyanidation gold extraction processing facility capable of processing ore at an average rate of 800 tonnes per day (t/d), a cyanide destruction circuit, an upgraded tailings management facility, a water treatment plant and related infrastructure.

1.2 Property Description and Ownership

The Madsen Gold Project, which is 100% owned by Pure Gold Mining Inc. is centered around the historical Madsen Mine, which produced 2.5 million ounces at an average grade of 9.7 g/t gold (7.9 million tonnes) between 1938 and 1976 and again from 1997 to 1999. The Madsen Gold Project comprises a contiguous group of 251 mining leases, mining patents and unpatented mining claims covering an aggregate area of 4,648 hectares (46.5 km²). Infrastructure includes paved highway and secondary road access, a mill and tailings facility and access to power and water.

The Project is located in the Red Lake district of Northwestern Ontario, approximately 440 km Northwest of Thunder Bay, Ontario, 260 km east-northeast of Winnipeg, Manitoba and 10 km south-southwest via provincial highway ON-618 S from the town of Red Lake. The Project is adjacent to the community of Madsen at approximately 93.91 degrees longitude west and 50.97 degrees latitude north. Access to the Project site is via the Mine Road off ON-168 S and access to Red Lake is via ON-105 N from the Trans-Canada Highway / ON-17 and via commercial airline flying into the Red Lake Municipal Airport.

1.3 *History, Exploration and Drilling*

Gold was discovered in the Red Lake area in 1925 and the first claims were staked in the Madsen area in 1927. Initial development at the Madsen Property was focussed on the Madsen No. 1 Vein where a shaft was sunk and underground exploration commenced in 1936. The Madsen deposit was discovered in 1937 and promptly went into production a year later with sinking of the Madsen No. 2 shaft which ultimately reached a depth of 1,273 m with production from 27 levels. 8 Zone was discovered in 1969. Production in the mine was halted in 1974 and the mine was placed into Temporary Suspension. Production at Madsen Mine to this time totalled 2.43 million ounces from 7.6 Mt at a recovered grade of 9.91 g/t gold. Little work occurred at Madsen until 1997 when exploration and development resumed. In 1998 Claude Resources purchased the project and in 1998–99, produced about 22,000 ounces of gold from the Madsen shaft and the newly developed McVeigh portal but ceased production in October, 1999 due to low gold prices and low head grades resulting from excessive mining dilution. From 1999 to 2013 Claude focussed on exploration of the property and compilation and conversion of an extensive hardcopy historical record to digital formats.

Pure Gold (then Laurentian Goldfields) purchased the project in 2014 and embarked on a property-wide geoscience and exploration program. Work focussed on integrating new geologic mapping and geochemical data with the geological learnings from the 38 years of mining development into a new property-wide geological framework. From 2014 to 2018, Pure Gold drilled 904 core holes (for 210,645 m), re-logged 595 historical drill holes (for 271,000 m), developed a new geological model for mineralization which formed the basis for a new Madsen Mineral Resource estimate and discovered and published maiden Mineral Resource estimates for three new deposits (Fork, Russet South, and Wedge) delineated through systematic exploration of the broader Madsen gold system. In 2017, Pure Gold reconditioned the McVeigh portal and completed underground exploration and delineation drilling of the bulk sample area. In 2018 the company completed ongoing environmental baseline and feasibility-level studies and collected a 7,096 tonne bulk sample from the McVeigh Zone.

1.4 *Geology and Mineralization*

The Madsen Project is located within the Red Lake Greenstone Belt (RLGB) of the Archean Superior Province craton of the Canadian Shield. The RLGB is approximately 50 km by 40 km and comprises 2.99-2.70 Ga deformed and metamorphosed supracrustal (volcanic and sedimentary) rocks intervening between three main granitoid batholiths. The RLGB boasts a prolific history of gold production over a 90 year history. All major deposits in the RLGB are hosted within the ca. 2.99-2.96 Ga Balmer Assemblage which includes the belt's oldest volcanic rocks that are predominantly of submarine mafic tholeiite and ultramafic komatiite composition. Gold deposits in the RLGB are classified as orogenic gold deposits (Groves et al., 1998) and characterized by an association with crustal-scale fault structures. Gold deposition in orogenic gold deposits is typically syn-kinematic and syn- to post-peak metamorphic and is largely restricted to the brittle-ductile transition zone.

Rock units of the RLGB are multiply deformed and metamorphosed. On the Madsen Property, this complex deformation history is most readily explained through an early phase of tight upright folding (D1) and an overprinting minor folding event and associated widespread foliation development (D2). Significantly, the Madsen, Fork, Russet South, and Wedge deposits all occur within planar structures (shear zones) that developed generally axial-planar to property-scale D1 folds. These early planar mineralized structures are the main targets for further gold exploration at the Madsen Gold Project and although they have been strongly overprinted by penetrative D2 deformation and metamorphism, they can be effectively identified by a distinct

series of mineral phases (alteration), vein styles (blue-grey, deformed quartz veins) and quartz porphyritic intrusions that pre-date gold mineralization but are very common within the D1 shear zones.

In some ways, the Madsen deposits seem atypical in that they are strongly overprinted by deformation and metamorphism rather than being syn- to post-peak metamorphic. The age of D1 deformation and gold mineralization, however, is poorly constrained and if the overprinting deformation is unravelled from the Madsen deposits, they closely fit the orogenic gold deposit model including an association with crustal scale structures and an association with pervasive structurally-controlled carbonate alteration and quartz-carbonate veining.

1.5 *Mineral Processing and Metallurgy*

The most recent metallurgical program, completed in 2018 in support of this Feasibility Study, was carried out with the primary objective of confirming the flowsheet and design criteria using a combination of new testwork, historical data and the existing plant design. Drill core and underground samples from the four Madsen deposit zones, McVeigh, South Austin (including the new A3 domain), Austin and 8 zones, was sent to Base Metallurgical Laboratories Ltd. (BaseMet) in Kamloops, BC for test work that included sample preparation, interval assaying, mineralogy, gravity concentration, cyanide leach and cyanide destruction. Process optimization test work was also conducted to further the understanding and optimization of the processing characteristics in support of this Feasibility Study and evaluate the existing equipment in the plant.

The test program was done in four phases: Variability Scoping Composites, Year Composites, Tailings Generation and Variability Composites. The first phase was scoping variability tests on 12 composites from the five zones (The A3 domain was split out from the South Austin zone) to evaluate the metallurgical response using the existing plant flowsheet and historical data. Phase 2 included test work on the three year composites that represented the years -1 to 1, 2 to 3 and 4 to 7 of the mine schedule at a target head grade of 8 g/t. The final phase tested the optimized flowsheet using 30 variability composites representing the five zones of the deposit.

The mineralogy indicated that the sulphur content is mainly associated with Pyrrhotite and Pyrite and trace amounts of Arsenopyrite. The comminution test work included Crushing Work Index (CWi), SAG Mill Comminution (SMC), Bond Ball Mill Work Index (BWi) and Abrasion Index (Ai). The results indicate the material is soft to moderately hard with a BWi ranging from 9.5 to 17.1 kWh/tonne with an average of approximately 14.5 kWh/tonne and an average Ai of 0.266 g. A correlation between gold extraction and head grade was not observed. The variability composite results averaged 96.6% gold extraction and gravity gold recovery of 45.7%.

Based on the results from Base Met (2018), gold doré can be produced with a primary grind size of 80% passing (P_{80}) 75 μm followed by gravity concentration, 2 hour pre-oxidation, 250 g/t lead nitrate, a 24 hour cyanide leach at a cyanide concentration of 500 ppm and a pH of 10.5, 6-hour carbon-in-pulp (CIP) adsorption, desorption and refining process. The blended average of the samples tested, based on the mine plan, using this method is estimated to achieve a recovery of 96% Au.

1.6 *Mineral Resource Estimate*

The Madsen Mineral Resources were estimated by Ginto Consulting Inc. (Ginto) The Madsen resource drill hole database comprised 14,822 holes totaling 1,220,042 m of drilling, with a cut-off date of January 16, 2018. 549 of these holes were drilled by Pure Gold from 2014 to

2018. The mineral resources were estimated with an ordinary kriging technique on composited and capped gold assays.

The Fork and Russet South deposits were both updated as part of the current mineral resource estimates, with drill hole cut-off dates of July 10, 2018 and August 10, 2018 respectively. The mineral resource estimate at Fork considered data from 45,525 metres of drilling from 122 drill holes, including five new drill holes since the December 2017 estimate. At Russet South, the mineral resource estimate considered data from 26,567 metres of drilling from 105 drill holes, including 24 new drill holes completed since December 2017.

Mineral resources at Wedge, located approximately three kilometres by road south of the Madsen milling infrastructure, were estimated for the first time in this Mineral Resource. Surface drilling in the Wedge area was conducted by Pure Gold in late 2017 through 2018, establishing strongly mineralized zones with good continuity that remain open for expansion. In total, the Wedge mineral resource estimate considered 52,238 metres of drilling from 201 drill holes, with a cut-off date of August 29, 2018.

The estimation methodology for the Fork, Russet South, and Wedge deposits used the same approach to that of the Madsen deposit.

Table 1-1 summarizes the Mineral Resource with an effective date of February 5, 2019.

Table 0-1: Madsen Gold Project Mineral Resource Statement – Effective February 5, 2019

Zone	Indicated			Inferred		
	Tonnes	Au Grade (g/t)	Ounces (Au)	Tonnes	Au Grade (g/t)	Ounces (Au)
Madsen	6,429,000	9.0	1,857,000	889,000	8.4	241,000
Fork	203,000	6.6	43,000	331,000	5.8	61,000
Russet South	241,000	7.2	56,000	352,000	7.5	85,000
Wedge	322,000	10.3	107,000	307,000	8.0	79,000
Total	7,196,000	8.9	2,063,000	1,880,000	7.7	467,000

Source: Ginto Consulting Inc. (2019)

Notes:

- 1) The Qualified Person for the Mineral Resource estimate is Marc Jutras, P.Eng. of Ginto Consulting Inc.
- 2) Mineral resources are reported at a cut-off grade of 4.0 g/t gold based on US\$1,275 per troy ounce gold and gold metallurgical recoveries of 95 percent.
- 3) Mineral resources are reported at a cut-off grade of 4.0 g/t gold based on US\$1,275 per troy ounce gold and gold metallurgical recoveries of 95 percent.
- 4) Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resources estimated will be converted into mineral reserves. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.
- 5) The CIM definitions were followed for the classification of indicated and inferred mineral resources. The quantity and grade of reported inferred mineral resources in this estimation are uncertain in nature and there has been insufficient exploration to define these inferred mineral resources as an indicated mineral resource and it is uncertain if further exploration will result in upgrading them to an indicated mineral resource category
- 6) All figures in Table 1-1 have been rounded to reflect the relative accuracy of the estimates.

1.7 Mineral Reserve Estimate

The effective date for the Mineral Reserve Estimate is February 11, 2019 and was prepared by JDS. All Mineral Reserves in Table 1-2 are Probable Mineral Reserves. The Mineral Reserves are included in the Mineral Resources.

The Qualified Person (QP) has not identified any risks including legal, political, or environmental that would materially affect potential Mineral Reserves development.

Table 0-2: Madsen Gold Project Mineral Reserve Estimate

Class	Diluted Tonnes (kt)	Au Grade (g/t)	Au Ounces (koz)
Probable	3,512	8.97	1,013
Total	3,512	8.97	1,013

Source: JDS (2019)

Notes:

- 1) The Qualified Person for the Mineral Reserve estimate is Michael Makarenko, P. Eng., of JDS Energy & Mining Inc.
- 2) Effective date: February 11, 2019. All Mineral Reserves have been estimated in accordance with Canadian Institute of Mining and Metallurgy and Petroleum (CIM) definitions, as required under NI 43-101.
- 3) Mineral Reserves were estimated using a US \$1,275 /oz gold price and gold cut-off grade of 4.75 g/t for all mining zones with the exception of McVeigh which used a cut-off grade of 4.0 g/t. Other costs and factors used for gold cut-off grade determination were mining, process and other costs of \$226.00/t, transport and treatment charges of \$6.00 /oz Au, CAD:USD exchange rate of 0.78 and a gold metallurgical recovery of 95%.
- 4) Tonnages are rounded to the nearest 1,000 t, gold grades are rounded to two decimal places. Tonnage and grade measurements are in metric units; contained gold is reported as thousands of troy ounces.
- 5) Rounding as required by reporting guidelines may result in summation differences.

1.8 Mining Methods

Madsen is proposed to be mined as an underground operation using a combination of longhole stoping (LH) with unconsolidated rock fill, conventional cut and fill (CCF) and mechanized cut and fill (MCF) both using hydraulic and rock fill. A target production rate of 800 t/d is envisioned over an operating mine life of 12-years that will extract 3.5 Mt of ore. LH Stoping, CCF and MCF will account for 25%, 59% and 16% of the total ore production respectively. The Madsen deposit will be accessed by extending the current underground ramp and tying into the existing mine levels spaced approximately every 50 metres. Ore and un-mineralized mine rock will initially only be trucked out of the mine, with shaft hoisting being utilized to bring ore to surface from year 4 onwards. A mix of fully electric and diesel mining equipment will be utilized to reduce ventilation requirements through the mine life.

The ventilation network will require a combination of 3.7 meter and 2.4 meter diameter raises, as well as the ramp to distribute fresh air. The tight-lined ventilation partition of the shaft will be utilized as an exhaust path for the ventilation network. Mine air heaters will be installed at both fresh air intakes.

Dewatering of the current workings will be done with a network of pumps utilizing the Madsen shaft. The mine is currently dewatered to approximately 240 m below surface.

The mine production and development schedule is shown in Table 1-3.

Table 0-3: Mine Production and Development Schedule

Parameter	Unit	Totals	Year													
			-1	1	2	3	4	5	6	7	8	9	10	11	12	13
Ore Mined	kt	3,512	13	265	293	293	290	293	293	293	293	293	293	293	266	43
Mining Rate	t/d		88	726	802	802	793	802	802	802	802	802	802	802	728	483
Ore Feed	kt	3,512	-	278	293	293	290	293	293	293	293	293	293	293	266	43
Mill Rate	t/d		748	802	802	802	802	802	802	802	802	802	802	733	119	748
Au Feed Grade	g/t	9.0	-	7.0	8.5	10.5	8.2	13.7	13.2	10.7	8.6	7.5	6.8	6.4	6.7	6.3
Milled Au	koz	1,012	-	62	80	99	77	129	124	100	81	71	64	60	57	9
Ore - LH	kt	862	13	156	134	133	71	56	76	59	24	23	39	24	53	1
Ore - CCF	kt	2,078	-	71	135	106	206	169	171	174	181	197	223	231	186	28
Ore - MCF	kt	564	-	38	24	53	12	67	46	60	88	71	30	36	26	14
Ore - Access Dev	kt	7	-	-	-	1	-	2	2	-	1	1	-	-	-	-
Lateral Capital Dev	km	60.9	2.7	8.3	7.5	7.8	7.6	9.4	8.0	1.8	1.3	1.4	1.8	1.9	1.1	0.1
Lateral Un-mineralized Dev	km	28.6	-	0.9	1.3	1.7	1.0	3.3	3.7	2.5	2.9	3.1	2.3	2.9	2.0	0.8
Lateral Slashing	km	12.6	0.8	2.8	3.3	3.2	1.7	0.8	0.1	-	-	-	-	-	-	-
Vertical Un-mineralized Dev	km	2.1	-	0.3	0.3	0.5	0.2	0.5	0.2	-	-	-	-	-	-	-
Vertical Stope Dev	km	23.4	-	1.8	1.8	1.7	2.4	1.6	1.9	2.2	2.1	2.6	2.0	2.4	1.1	-
Hydraulic Fill Placed	k m ³	951	-	34	60	50	68	77	69	85	105	105	99	104	80	14
Rock Fill Placed	k m ³	438	-	68	52	56	28	34	49	35	22	21	23	20	27	4

Note: Dev=Development
Source: JDS (2019)

1.9 Recovery Methods

The processing plant will have a capacity of 800 t/d. The plant consists of the following unit operations:

- Single stage crusher (new);
- New 600 tonne storage bin and reclaim system;
- SAG Mill (existing) and Ball Mill (new);
- Gravity separation and intensive leach system (new);
- Pre-leach thickening to 50% solids;
- 2 hour pre-oxidation (new), 24 hour leach and 5 hour Carbon in Pulp;
- 1 tonne carbon plant (existing) and gold recovery in a new refinery;
- Cyanide destruction (new) utilizing 2 tanks (1 standby); and
- Tailings pumping to the tailings facility and/or to the underground as hydraulic backfill.

The leach circuit will have a retention time of 24 hours and sodium cyanide (NaCN) consumption is expected to be in the range of 0.3 kg/t to 0.4 kg/t to maintain a cyanide concentration of 500 ppm. Cyanide will be destroyed using the SO₂/Air process. The slurry will be agitated in one of two tanks for 1 hour using copper sulphate (CuSO₄) as a catalyst, maintaining a 30 mg/L concentration in solution and sodium metabisulphite (SMBS) solution will be dosed into the system as the source of SO₂.

The grinding circuit target size is approximately P₈₀ of 75 µm. The crushing circuit will operate at an availability of 50% while the milling, leaching and gold recovery circuits will operate 24 hours per day, 365 d/y at an availability of 95% processing 800 t/d.

1.10 Project Infrastructure

The following infrastructure items will be installed to support the Project:

- High voltage (HV) electrical substation, electrical site distribution network, and diesel emergency power generators;
- Primary crusher, discharge conveyor, and crushed ore bin;
- Process plant improvements with new equipment and refurbishment;
- Assay laboratory;
- Buildings for offices, mine dry and warehousing;
- Backfill plant for underground hydraulic backfill;
- Tailings management facility upgrading;
- Mine rock management facility;

- Overburden and soil stockpiles for reclamation; and
- Water treatment plant (WTP).

The project site as an existing mine site, is already developed and has site infrastructure and existing facilities that will be utilized for the project. The site is accessible by paved highway from Red Lake, ON, and is connected to the electrical grid and municipal water and sewage systems, which will serve the project throughout operations.

During pre-production and into year one of operations a temporary mine rock facility will be used to stockpile material for processing.

Excess un-mineralized mine rock from the mining activities will be stored in the mine rock management facility (MRMF) and the tailings management facility (TMF). The TMF will be an upgrade of the existing tailings management facility. All of the disturbed areas on site will drain to the TMF catchment, minimizing the need for surface water management controls for the project site. The existing polishing pond will be used throughout the operation life to collect and reclaim water from the TMF, and all disturbed area drainage.

A WTP facility will be constructed next to the polishing pond. It will be designed and constructed to ensure the release of all water is within the effluent limits and requirements of the applicable project permits and regulations.

1.11 *Environment and Permitting*

Pure Gold has prepared an updated Project Definition (January 2019) based on this feasibility study. The Project as described in the Project Definition will not be classed as a designated project under the Canadian Environmental Assessment (CEA) Act (2012) as the thresholds defined are not triggered. Pure Gold has prepared a screening document (February 2019) for submission to the Canadian Environmental Assessment Agency to confirm that this is not a designated project.

The Ontario Ministry of Environment, Conservation, and Parks (MECP) has indicated that there will be no requirement for the submission of a Provincial Environmental Assessment based on the presentation of the March 2017 Project Definition and the materials presented in December 2018 for the new Industrial Sewage Permit. It is however anticipated that the Project will require approvals from the MECP, the Ontario Ministry of Energy, Northern Development, and Mines (ENDM), the Ontario Ministry of Natural Resources and Forestry (MNRF), the Ontario Ministry of Labour (MoL) and the Ontario Energy Board including: Environmental Compliance Approval (ECA) Industrial Sewage Works Permit; ECA for Air and Noise; Permit to Mine and a Mine Closure Plan update amongst others.

1.11.1 **Consultation and Engagement**

Pure Gold has committed to engagement and consultation with local First Nations, Metis Nation of Ontario, provincial and federal governments, the public, and stakeholders throughout all stages of Project planning, regulatory review, and construction. The intent is to provide all interested parties with opportunities to learn about the Project, identify issues, and provide input with the goal of positively enhancing Project planning and development.

The Project property is located within the boundaries of Treaty #3 (1873 and adhesions). Lac Seul First Nation and Wabauskang First Nation have identified the Project area as lying within their communities' traditional territory. ENDM will undertake and fulfill the Crown's Duty to Consult. Currently, the primary role of Pure Gold with First Nations is to ensure that appropriate information sharing occurs. Pure Gold maintains contact and dialogue with the Treaty 3 First Nations of: Wabauskang First Nation; Lac Seul First Nation; Wabaseemoong First Nation; Grassy Narrows First Nation; and Nootkamegwanning First Nation. This information is also shared with the Métis Nation of Ontario. Pure Gold has reached terms, and expects to finalize a Project Benefit Agreement with Wabauskang and Lac Seul First Nations in 2019.

Pure Gold has had ongoing communication with Red Lake Municipality, community and local business community who have an interest in the Project. Pure Gold's plan to reopen the Madsen mine is largely seen as a benefit to the local community, which has suffered economically from the decline in mining over recent years. Regulators from, the Canadian Environmental Assessment Agency (CEAA), MECP, MoL, ENDM, MNRF and Red Lake Municipality have been involved with Pure Gold at the mine or in evaluation of proposed reopening activities at the mine.

1.11.2 Mine Reopening from Temporary Suspension

For reopening of the mine, as defined in the Feasibility Study and Project Definition, Pure Gold intends to establish an upgraded tailings management facility, a mine rock management facility, overburden and soil stockpiles, and an improved road haulage network, as well as a refurbishment of the existing processing plant. Cyanide detoxification (destruction) and a water treatment facility will be added. Based on the recent independent noise and air quality baseline study and modelling, noise and dust management features have been designed that are anticipated to eliminate any effect to local communities. All new features have been designed to occur within the existing catchment, so no new impacts are expected.

Pure Gold has expended considerable effort, at their own cost, to clear legacy waste, monitor for new impacts, and reclaim the surface as well as manage both public and mine-related activities at the site. This expenditure has contributed to a much safer and better working environment and is expected to reduce closure costs at the end of mine life.

In order to manage the water that is utilized as a result of mine operation, Pure Gold will implement several management measures to safe guard water quality downstream of the TMF, including: recirculation and reuse of tailings system water; cyanide destruction technology; a water treatment plant to clean water to be released from the TMF; pump back, if required, of any seepage from the TMF, facilitating the Red Lake Municipality to eliminate Madsen community sewage inputs to the TMF; and progressive closure of the tailings pond to reduce water flows and the remobilization of arsenic and to dry out the upper portions of the TMF that could contribute to seepage.

1.11.3 Mine Closure Plan

Pure Gold inherited a mining legacy site with a history of almost a century of exploration and mining, and a closure program that was designed by previous operators. The closure plan was updated and additional funding was provided by Pure Gold in 2014. Reopening of the mine will require an update of the closure plan and closure bond reassessment. These actions will facilitate final closure by allowing Pure Gold to fund further progressive reclamation of the Project site.

1.12 Operating and Capital Cost Estimates

1.12.1 Capital Cost Estimate

Life-of-mine (LOM) project capital costs are estimated to total \$327 M, consisting of the following distinct phases:

- Pre-production Capital Costs – includes all costs to develop the property to an average of 800 t/d underground production rate. Initial capital costs total \$95 M (including \$8 M contingency), which will be expended over a 15 month pre-production design, construction and commissioning period;
- Sustaining Capital Costs – includes all costs related to the acquisition, replacement, or major overhaul of assets during the mine life required to sustain operations. Sustaining capital costs are estimated to be \$220 M (including \$2 M contingency). Sustaining costs are expended in operating Years 1 through 13; and
- Closure Costs – includes all costs related to the closure, reclamation, and salvage value, post operations. Closure costs total \$12 M after salvage credits. Closure costs are primarily incurred in Year 14, with costs extending into Year 15.

All capital estimation for the Madsen project has been completed to an accuracy range of -15%/+15% which represents an Association for the Advancement of Cost Engineering (AACE) Class 3 estimate.

The capital cost estimate (CAPEX) is summarized in Table 1-4.

Table 0-4: Summary of Capital Cost Estimate

Capital Costs	Pre-Production (M\$)	Sustaining / Closure (M\$)	Total (M\$)
Mining	31.2	209.2	240.4
Site Development	0.8	-	0.8
Mineral Processing	17.4	-	17.4
Tailings Management	4.3	7.9	12.1
Site Services	17.5	0.5	18.0
Project Indirects	6.1	-	6.1
EPCM	7.0	-	7.0
Owner's Costs	2.6	-	2.6
Subtotal	87.0	217.6	304.5
Contingency	8.1	2.1	10.2
Closure	-	16.8	16.8
Salvage	-	-4.2	-4.2
Total Capital Costs	95.1	232.2	327.3

Source: JDS (2019)

1.12.2 Operating Cost Estimate

The operating cost estimate (OPEX) in this study includes the costs to mine, process ore to produce doré, and general and administrative expenses (G&A). These items total the operating costs and are summarized in Table 1-5. The total operating unit cost is estimated to be \$223/t processed.

The target accuracy of the operating cost is -10%/+15%. No allowance for inflation or contingency has been applied to operating costs.

Table 0-5: Summary of Operating Cost Estimate

Operating Costs	\$/t milled	LOM (\$M)
Mining	168.80	592.8
Processing	32.30	113.3
G&A	21.80	76.7
Total	222.90	782.9

Source: JDS (2019)

The main OPEX assumptions are outlined in Table 1-6.

Table 0-6: Main OPEX Component Assumptions

Item	Unit	Value
Electrical power cost	\$/kWh	0.100
Total operating load	MW	6.55
Demand load (all facilities in year 5)	kWh/t processed	9.87
Diesel cost (delivered)	\$/litre	1.072
LOM average workforce (including contractors, excluding corporate)	employees	400

Source: JDS (2019)

1.13 Economic Analysis

1.13.1 Main Assumptions

An economic model was developed to estimate annual cash flows and sensitivities of the Madsen Project. All costs, metal prices, and economic results are reported in Canadian currency (\$CDN) unless stated otherwise.

Pre-tax estimates of Project values were prepared for comparative purposes, while after-tax estimates were developed to approximate the true investment value. It must be noted, however, that tax estimates involve many complex variables that can only be accurately calculated during operations and, as such, the after-tax results are only approximations.

This Technical Report contains forward-looking information regarding projected mine production rates, construction schedules, and forecasts of resulting cash flows as part of this study. The mill head grades are based on sampling that is reasonably expected to be representative of the realized grades from actual mining operations. Factors such as the ability to obtain permits to construct and operate a mine, to obtain major equipment or skilled labour on a timely basis, or to achieve the assumed mine production rates at the assumed grades may cause actual results to differ materially from those presented in this economic analysis.

The reader is cautioned that the gold prices and exchange rates used in this study are only estimates based on recent historical performance and there is absolutely no guarantee that they will be realized if the Project is taken into production. The price of gold is based on many complex factors and there are no reliable methods of predicting the long-term gold price.

Table 1-7 outlines the LOM summary and the basis for the economic analysis while Table 1-8 highlights the economic assumptions.

Table 0-7: LOM Summary

Parameter	Unit	Value
Ore Processed	Mt	3.51
Mill Average Daily Production	kt	0.8
Mill Average Annual Production	Mt	0.29
Average Gold Mill Grade	g/t	8.97
Gold Contained	koz	1,013
Gold Recovered	koz	970
Gold Recovery	%	95.8
Average Gold Production	koz/year	79
Initial Capital Cost	\$M	95
Sustaining Capital Cost	\$M	232
Life of Mine Capital	\$M	327

Source: JDS (2019)

Table 0-8: Economic Assumptions

Off-site Costs and Payables	Item	Unit	Value
Payables for Doré	Gold	%	99.97
Doré Refining Costs	Gold	US\$/payable oz	0.38
Transportation Costs		US\$/payable Au oz	1.35
Royalties		% NSR	-

Source: JDS (2019)

Table 1-9 outlines the metal prices and exchange rates used in the economic analysis.

Table 0-9: Net Smelter Return Assumptions

Assumptions	Unit	Value
Au Price	US\$/oz	1,275
FX Rate	US\$:C\$	0.75

Source: JDS (2019)

1.13.2 Results

The economic results for the Project, based on the assumptions outlined above are presented in Table 1-10.

Table 0-10: Economic Results

Parameter	Unit	Pre-Tax Results	After-Tax Results
NPV _{0%}	\$M	536	383
NPV _{5%}	\$M	353	247
IRR	%	42.9	35.9
Payback Period	Production years	3.0	3.4

Source: JDS (2019)

1.13.3 Sensitivities

A simple sensitivity analysis was performed to determine which factors most affect the Project economics and is discussed in Section 23. Each variable evaluated was tested using the same sensitivity values, although some may be more likely to experience significantly more fluctuation in value over the LOM (i.e. CAPEX versus metal prices). The confidence attributed to each variable in this study does not factor into the sensitivity analysis, the inter-correlation between certain variables, and for this reason is considered a simplistic approach to determine which variable would most affect the economic results of the Project.

Sensitivity analyses were performed on metal prices, mill head grade, CAPEX, and OPEX as variables. The value of each variable was changed plus and minus 15% independently while all other variables were held constant. The Project shows the most sensitivity to metal price and head grades. The results of the sensitivity analyses are shown in Table 1-11.

Table 0-11: Sensitivities Analyses

Variable	After-Tax NPV _{5%} (M\$)			Pre-Tax NPV _{5%} (M\$)		
	-15% Variance	0% Variance	15% Variance	-15% Variance	0% Variance	15% Variance
Metal Price	125	247	368	177	353	529
Mill Head Grade	125	247	368	177	353	529
OPEX	304	247	190	436	353	271
CAPEX	287	247	207	394	353	313

Source: JDS (2019)

1.14 Conclusions

Results of this Feasibility Study demonstrate that the Madsen Project warrants development due to its positive and robust economics.

It's the conclusion of the QPs that the Feasibility Study (FS) summarized in this technical report contains adequate detail and information to support a Feasibility Study analysis. Standard industry practices, equipment and design methods were used in this FS and, except for those outlined in this section, the report's authors are unaware of any unusual or significant risks, or uncertainties that would affect project reliability or confidence based on the data and information made available.

Risk is present in any development project. Feasibility engineering formulates design and engineering solutions to reduce risk common to every mining project, such as resource uncertainty, mining recovery and dilution control, metallurgical recoveries, political risks, environmental and social risks, and labour sourcing. Associated project risks are deemed manageable; and identified opportunities can provide enhanced economic value.

The recommended development path is to continue efforts in obtaining the required environmental permits to start construction and to continue dewatering the underground workings in advance of mine development, while concurrently advancing key activities that will reduce and de-risk the project execution schedule.

1.14.1 Risks

The most significant risks are summarized below:

- **Surface Geotechnical Conditions** - There is a potential for additional foundation improvement measures to be required at the Tailings Pond Dams to meet stability Factors of Safety. There is a potential for additional overburden excavation at the critical stability footprint area of the MRMF which could lead to additional associated costs. This risk can be managed by completing additional geotechnical investigations and studies on those areas identified in the FS ahead of developing these areas.
- **Underground Geotechnical Conditions** – Less favorable ground conditions than modelled may be encountered in the 8 Zone. Squeezing or closure around drifts may be more dramatic or frequent than anticipated requiring slower mining rates and increased ground support and maintenance requirements. The risk can be managed by additional geotechnical drilling and laboratory testing. It is recommended that this study be carried out as soon as possible within the 8 Zone hanging wall and mineralized zone.
- **Electrical Load & Supply Availability** - Adequate electricity supply from Hydro One is a concern in Northwestern Ontario and while the recent capacity study completed by Hydro One shows adequate power will be available, the initial capacity of 7 MW is very close to the estimated operating demand load. The completion of the upgrade of the Pickle Lake section of transmission line by 2022, and additional power capacity required for the hoisting remains an area of uncertainty for the Madsen Project. The risk will be managed by additional power supply from generators to mitigate any potential power shortages but could come with some additional operating cost.

- **Shaft Conditions** - Conditions in the shaft could be more deficient than anticipated which could increase rehabilitation costs and/or delay getting the shaft operational. Delay in shaft hoisting would be mitigated by increased truck haulage albeit at a higher operating cost. An increased dewatering rate would allow additional time for assessment and mitigation / rehabilitation.
- **Historical Backfill Failure** - Saturated backfill from mined stopes could become unstable and fail. Backfill failures pose a health and safety risk, could increase operating costs to clean-up and cause mine schedule delays. The risk can be managed by increased dewatering ahead of when existing levels are required to allow old stopes to decant and assessments with drones and/or probe holes from safe areas well in advance of accessing or mining activities.
- **Ore Body Complexity** - The complexity of the ore body could potentially lead to increased mining dilution. Grade control and proper mining execution will maintain minimal unplanned dilution, which would minimize potential impacts on grade, throughput, and operating costs. Definition drilling in advance of mining to assist stope design, particularly in long hole stopes will mitigate the risk.

1.14.2 Opportunities

The most significant opportunities are summarized below:

- **Underground Water Management** - Flows from the Madsen Underground Mine are currently being managed in the TMF all year round, with an assumption that winter discharge is not possible. This results in an accumulation of water in the TMF, during winter months. A WTP with a large design treatment rate is therefore required to manage the surplus water in the TMF. Managing the Madsen Mine underground dewatering flows outside the TMF would considerably reduce the surplus volumes of water to be treated and reduce the design treatment rate of the WTP. This would lead to significant savings in Project Capital Costs. Additional water quality studies are ongoing to investigate the possibility of releasing the underground flows bypassing the TMF and WTP.
- **Power Unit Cost** – Comparable Hydro One customers in the region have been able to achieve significant reductions in their electricity costs by closely managing their electrical load through applying for Northern Industrial Rebate Program (NIER), reduction in Global Adjustment (GA) Payments and Shifting Peak Demand to Off-Peak Hours. These three mechanisms could reduce the unit power rate and ultimately operating costs.
- **Mined Stope Buffer Zones**- Known high grade mineralization has been modelled within the 5 m buffer zones around mined stopes. This mineralization has been removed from the Mineral resource. Further drilling and geotechnical study could potentially lead to some of this material being reclassified as Mineral Resources and if proven economic as Mineral Reserve.
- **Resource Conversion & Expansion** - Through additional exploration drilling, there is potential opportunity to convert Inferred Resources to Indicated Resources and to discover additional mineralized zones. If successful this could increase production rates or extend

mine life. There is no certainty that all or any part of the Inferred Resources will be converted to Indicated Mineral Resources or converted into Mineral Reserves.

- **Ore Sorting** - The deposit may be amenable to ore sorting. If successful, ore sorting would remove external and planned dilution increasing the grade to the process plant. Further physical properties study is required.

1.15 *Recommendations*

Based on the Feasibility Study results, it's recommended to advance the Project to construction and development, and then production. The recommended development path is to continue efforts in obtaining the required environmental permits to start construction and continue dewatering the underground workings in advance of mine development, while concurrently advancing key activities that will reduce and de-risk the project execution schedule. Associated project risks are deemed manageable; and identified opportunities can provide enhanced economic value.

The project exhibits robust economics with the assumed gold price, currency exchange rates, and consumables pricing. Value engineering and recommended fieldwork should be advanced in conjunction with preparation of permit amendments / applications to de-risk the construction schedule and minimize costs.

From the identified project risks and opportunities, the following activities are noted as critical actions that have the potential to strengthen the project and further reduce risk:

- Complete additional diamond drilling to potentially convert Inferred Mineral Resources into Indicated Resources, and potentially Reserves;
- Continue underground dewatering;
- Confirm TMF and MRMF foundation design parameters with additional site investigation, complete TMF foundation assessment and optimize the water balance and water management strategy;
- Develop a full closure plan for the project based on the final design configurations;
- Conduct initial physical properties test work and assess the viability of employing ore sorting technology as a method of rejecting low grade plant feed and increasing head grade in the process plant; and
- Investigate potential for purchasing used equipment to reduce project capital costs.

SHAREHOLDER INFORMATION

Dividends and Distributions

There are no restrictions that prevent the Corporation from paying dividends or distributions. However, the Corporation has not paid any dividends or distributions on its Common Shares since incorporation. At present, all available funds are invested to finance the growth of the

Corporation and the exploration and development of its mineral properties. Any decision to pay dividends on its Common Shares in the future will be made by the Board from time to time, in its discretion, on the basis of many factors, including Pure Gold's earnings, operating results, financial condition and anticipated cash needs and other conditions existing at such time.

Description of Capital Structure

The Corporation is authorized to issue an unlimited number of Common Shares. There are 257,251,050 Common Shares issued and outstanding as of March 20, 2019. Holders of Common Shares are entitled to receive notice of any meetings of shareholders of the Corporation, and to attend and to cast one vote per Common Share at all such meetings. Holders of Common Shares are entitled to receive on a pro rata basis such dividends on such Common Shares, if any, as and when declared by the Board at its discretion from funds legally available therefor, and, upon the liquidation, dissolution or winding up of the Corporation, are entitled to receive on a pro rata basis the net assets of the Corporation after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of Common Shares with respect to dividends or liquidation. The Common Shares do not carry any pre-emptive, subscription, redemption, retraction, surrender or conversion or exchange rights, nor do they contain any sinking or purchase fund provisions.

Registrar and Transfer Agent

The Corporation's transfer agent and registrar for the Common Shares is Computershare Investor Services Inc. ("**Computershare**"), located at 510 Burrard Street, 2nd Floor, Vancouver, British Columbia.

Consolidated Capitalization

The following represents the Corporation's capital structure:

i) Common Shares

Designation of security	Number of Common Shares Authorized	Outstanding on December 31, 2018	Outstanding on March 20, 2019
Common Shares	Unlimited	256,341,050	257,251,050

The Corporation has outstanding 14,465,000 common share purchase warrants outstanding with an exercise price of \$0.85 per share that expire on May 24, 2020.

Principal Shareholders of Pure Gold

To the knowledge of Pure Gold's directors and officers, no person beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the outstanding Common Shares other than²:

⁶ Information as to holdings of Common Shares has been taken from insider reports or other disclosure documents electronically filed with regulators and publicly available through the Internet at the website for the Canadian System for Electronic Disclosure by Insiders ("SEDI") at www.sedi.ca or SEDAR at www.sedar.com.

Name	Number of Common Shares	Percentage of Common Shares
AngloGold Ashanti International Exploration Holdings Ltd.	38,171,251	14.8% ³

Escrowed Securities and Securities Subject to Contractual Restriction on Transfer

There are no securities of the Corporation currently held in escrow or subject to a pooling agreement or subject to any other contractual restriction on transfer.

Market for Securities

As of the date of this AIF, the Common Shares are listed for trading on the TSX-V under the symbol: "PGM".

Trading Activity and Volume

The following tables set forth, for the periods indicated, the reported high and low daily trading prices and the aggregate volume of trading of the Common Shares and Share Purchase Warrants respectively on the TSX-V during the nine-month fiscal year ended December 31, 2018.

Common Shares

Period	Volume	High (C\$)	Low (C\$)
December 2018	3,642,400	0.66	0.57
November 2018	2,543,500	0.61	0.50
October 2018	3,391,800	0.61	0.50
September 2018	3,321,600	0.61	0.51
August 2018	3,493,200	0.65	0.51
July 2018	2,333,700	0.71	0.62
June 2018	4,177,800	0.67	0.60
May 2018	4,337,700	0.69	0.64
April 2018	6,337,900	0.71	0.58

Prior Sales

Non-trading securities – Options and Warrants

The Corporation issued the following securities, which are not listed or quoted on a market place, during the nine-month fiscal year ended December 31, 2018.

Security	Date of Issuance	Aggregate Number Issued	Exercise Price (\$)
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³ In addition, AngloGold Ashanti owns 6,400,000 common share purchase warrants that if exercised would increase its ownership percentage to 16.9%.

Warrants	May 24, 2018	8,065,000 ⁽¹⁾	0.85
Warrants	May 24, 2018	6,400,000 ⁽²⁾	0.85
Options	June 5, 2018	50,000 ⁽³⁾	0.65
Options	June 11, 2018	200,000 ⁽³⁾	0.65

⁽¹⁾ These Warrants were issued as part of the 2018 Bought Deal Offering of 16,130,000 May 2018 Units. See “*General Development of the Business – Three Year History*”.

⁽²⁾ These Warrants were issued to Anglogold Ashanti Limited as part of a non-brokered private placement of 12,800,000 May 2018 Units. See “*General Development of the Business – Three Year History*”.

⁽³⁾ These options were issued to employees and consultants.

As at March 20, 2019, there were 17,540,000 Common Shares issuable upon the exercise of outstanding Options at a weighted average exercise price of \$0.40 per Common Share and 14,465,000 Common Shares issuable upon the exercise of outstanding Warrants at an exercise price of \$0.85 per Warrant.

GOVERNANCE

Directors and Officers of the Corporation

Directors

As of March 20, 2019, the name, province or state and country of residence, position or office held with the Corporation and principal occupation for the immediately preceding five years of each of the directors and executive officers of the Corporation are as follows, with all companies listed still carrying on business as of the date hereof unless otherwise noted:

Name, Province/State of Residence	Office held with Corporation and Principal Occupation for Five Preceding Years	Director Since
GRAEME CURRIE ⁽¹⁾ ⁽²⁾ Chairman, British Columbia, Canada	Director and Chairman of Pure Gold since March 4, 2014. Self-employed. Director of Balmoral Resources Ltd. ⁽⁵⁾ since January 13, 2014. Director of Investment Banking, Canaccord Genuity until August 2012.	March 4, 2014
DARIN LABRENZ ⁽⁴⁾ Director, British Columbia, Canada	President, CEO & Director of Pure Gold since February 15, 2011. Formerly with Terrane Metals Corp. (2006-2010), as Chief Geologist and subsequently VP Business Development. Prior to Terrane, senior geologist and management within Placer Dome Group from 1996 to 2006.	February 15, 2011
DR. MARK O'DEA ⁽²⁾⁽³⁾ Director, British Columbia, Canada	Director of Pure Gold since March 4, 2014. Director and Chairman, Liberty Gold Corp. ⁽⁶⁾ since April 2011. President and Director, Oxygen Capital Corp. ⁽⁷⁾ from February 2012 to present. Executive Chairman, True Gold Mining Inc. from December 2012 to April 2016. Chairman and CEO, Blue Gold Mining Inc. from September 2011 to December 2012. President and Chief Executive Officer, Fronteer Gold Inc. from 2001 to 2011.	March 4, 2014

Name, Province/State of Residence	Office held with Corporation and Principal Occupation for Five Preceding Years	Director Since
LENARD BOGGIO (1)(3) Director, British Columbia, Canada	Director of Pure Gold since March 4, 2014. Professional accountant and auditor with PwC LLP from 1982 until retirement in May 2012. During that time he served as an audit partner and advisor for publicly listed Canadian, U.S. and UK, mineral resource clients and became Leader of the B.C. Mining Group of PwC and a senior member of PwC's Global Mining Industry Practice.	March 4, 2014
TROY FIERRO (1)(2)(4) Director, Colorado, USA	Director of Pure Gold since May 12, 2014. Mining engineer with over 30 years of industry experience. Formerly held executive positions with Fronteer Gold Inc., Metallica Resources Inc., and Coeur d'Alene Mines, where he has overseen the development, construction or management of mines in Nevada, Mexico, Argentina, Chile, and Alaska. Formerly director of Grayd Resources and Timberline Resources.	May 12, 2014
ROBERT PEASE (3)(4) Director, British Columbia, Canada	Director of Pure Gold since June 24, 2014. Director of Liberty Gold Inc. ⁽⁶⁾ since April 2011, interim President & CEO of Pilot Gold Inc. from November 12, 2015 to February 22, 2016. Former President and CEO of Sabina Gold & Silver Corp. from October 2011 to February 2015.	June 24, 2014
SEAN TETZLAFF British Columbia, Canada	Chief Financial Officer of Pure Gold since May 13 2014 and Corporate Secretary since June 1, 2016. Vice President and Director of Oxygen Capital Corp. ⁽⁷⁾ from February 2012 to present. Chief Financial Officer & Corporate Secretary of Blue Gold Mining Inc. from September 2011 to February 2013. Director and Audit Committee Chair of Liberty Gold Corp. ⁽⁶⁾ from February 2011 to present.	Not Applicable
PHILIP SMERCHANSKI British Columbia, Canada	Vice-President, Exploration of Pure Gold since April 29, 2016. Senior Geologist with Oxygen Capital Corp. ⁽⁷⁾ from June 2012 to present. President, T3 Exploration Ltd. ⁽⁸⁾ from April 2010 to present. Senior Geologist, Anglo American plc from January 2004 to April 2010.	Not Applicable
KENNETH DONNER British Columbia Canada	Vice-President, Operations of Pure Gold since September 2016. Construction Manager Amec Foster Wheeler ⁽⁸⁾ from August 2011 to September 2016.	Not Applicable

(1) Member of the Audit Committee

(2) Member of the Compensation Committee

(3) Member of the Corporate Governance and Nominating Committee

(4) Member of the Health, Safety and Environment Committee

(5) A publicly traded mineral exploration and development company working in North America

(6) Formerly Pilot Gold Inc. A publicly traded mineral exploration and development company working in Nevada, USA and Turkey

(7) A private company providing technical and administrative services to mining companies

(8) A private company providing technical services to mining companies

The term of office of each of the Corporation's directors expires at the Corporation's next annual general meeting at which directors are elected for the upcoming year or when his successor

is duly elected, or earlier in accordance with the articles of the Corporation. The Corporation has not yet scheduled its next annual general meeting of the shareholders.

Aggregate Ownership of Securities

As at the date of this AIF, the directors and executive officers of the Corporation, as a group, beneficially owned, or exercised control or direction over, directly or indirectly, an aggregate of 9,723,743 Common Shares representing approximately 3.7% of the issued and outstanding Common Shares as of such date.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as disclosed below, no director or executive officer of Pure Gold is, as at the date of this AIF, or has been, within 10 years before the date of this AIF, a director, chief financial officer or chief executive officer of any company (including the Corporation) that:

- a) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (any such order, an “**Order**”) that was issued while that person was acting in that capacity; or
- b) was subject to an Order that was issued after that person ceased to act in such capacity and which Order resulted from an event that occurred while that person was acting in that capacity.

Except as disclosed below, no director or executive officer of the Corporation, or shareholder holding a sufficient number of Common Shares to materially affect the control of the Corporation:

- a) is, at the date of this AIF, or has been within 10 years before the date of this AIF, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- b) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his or her assets.

No director or executive officer of the Corporation holding a sufficient number of securities of the Corporation to affect, materially, the control of the Corporation has been subject to:

- a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

The information contained in this AIF as to ownership of securities of the Corporation, corporate cease trade orders, bankruptcies, penalties or sanctions, and existing or potential conflicts of interest, not being within the knowledge of the Corporation, has been provided by each director and executive officer of the Corporation individually.

Lenard Boggio was a director of Great Western Minerals Group Ltd. (“**GWMG**”) from January 2013 until his resignation together with all the then current directors in July 2015. In April 2015, GWMG announced that a support agreement was entered into with the holders of a majority of GWMG’s secured convertible bonds and GWMG was granted protection from its creditors under the Companies Creditors Arrangements Act upon receiving an initial order from the Ontario Court of Justice Commercial List. In May 2015, an order was issued by the Financial and Consumers Affairs Authority of the Province of Saskatchewan that all trading in the securities of GWMG be ceased due to its failure to file financial statements for the year ended December 31, 2014. In December 2015, the Monitor of GWMG issued a press release announcing that it had filed an assignment in bankruptcy on behalf of GWMG.

Robert Pease was a director until November 8, 2018, of Red Eagle Mining Corp. (“**Red Eagle**”) which owned and operated the Santa Rosa mine in Colombia. Due to start up issues, Red Eagle had difficulty servicing its project debt and the mine was only able to commence commercial production on the basis of forbearances from the secured lenders. In August 2018, Red Eagle obtained a firm commitment from a third party to refinance the debt with substantial concessions and co-operation from the secured lenders. In October 2018, this third party defaulted on its commitment and as a result, the secured lenders withdrew their forbearances and appointed a receiver-manager over the assets of Red Eagle. It is expected that legal action will be commenced against the third party who defaulted on the financing commitment.

Red Eagle is subject to a cease-trade order issued by the British Columbia Securities Commission on November 20, 2018, for failure to file interim financial statements, management’s discussion and analysis, and certification of interim filings for the period ended September 30, 2018.

Legal Proceedings and Regulatory Actions

Except as otherwise disclosed in this AIF, the Corporation is not currently, and has not at any time during its most recently completed financial year, been a party to, nor has any of its property been the subject of, any material legal proceedings or regulatory actions. The Corporation is not aware of any such proceedings or actions threatened or known to be contemplated.

Conflicts of Interest

Except as disclosed herein, to the knowledge of management of the Corporation, there are no existing or potential material conflicts of interest between the Corporation or any of its subsidiaries and any director or officer of the Corporation. Directors and officers of the Corporation may serve as directors and/or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Corporation or any of its subsidiaries may participate, the directors of the Corporation may have a conflict of interest in negotiating and conducting terms in respect of such participation. If such conflict of interest arises at a meeting of the Board, a director who has such a conflict is

required to disclose such conflict and abstain from voting for or against the approval of such participation or such terms.

Independence of Auditors

PricewaterhouseCoopers LLP, Chartered Professional Accountants ("**PwC**"), are the Corporation's auditors and have prepared an opinion with respect to the Corporation's consolidated financial statements as at and for the year ended December 31, 2018. PwC report that they are independent of the Corporation in accordance with the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

Interests of Experts

The Corporation relies on experts to prepare mineral resource estimates on certain of the Corporation's mineral properties and related technical reports.

Each of the following authors of the Technical Report referenced in this AIF is a Qualified Person:

Technical Report	Qualified Person
Madsen Gold Project	Michael Makarenko, P. Eng. JDS Energy & Mining Inc. Michael Levy, P. Eng. JDS Energy & Mining Inc. Kelly McLeod, P. Eng. JDS Energy & Mining Inc. Dan Ruane, P. Eng. Knight Piésold Ltd. Darcy Baker, P. Geo. Equity Exploration Consultants Ltd. Marc Jutras, P. Eng. Ginto Consulting Inc. Richard Boehnke, P. Eng. JDS Energy & Mining Inc. Dave Stone, P.E. MineFill Services Inc.

In the case of the following news releases issued by the Corporation (available under the Corporation's profile on SEDAR at www.sedar.com), from which certain Technical Information contained in this AIF has been derived, each of the following employees and former employees of the Corporation is a Qualified Person:

News Release (date)	Qualified Person
February 5, 2019	Philip Smerchanski P. Geo.
February 11, 2019	Ken Donner P. Eng.
February 27, 2019	Ken Donner P. Eng

Other than as described below, based on information provided by the experts as of the date of this AIF, the experts named above did not have any registered or beneficial interest, direct or indirect, in any securities or other property of the Corporation or one of its associates or affiliates, when the experts prepared their respective reports, and no securities or other property of the Corporation or one of its associates or affiliates were subsequently received or are to be received by such experts.

Mr. Philip Smerchanski and Mr. Donner are not independent of Pure Gold by virtue of their current employment with the Corporation. Mr. Smerchanski is the Corporation's Vice-President, Exploration and Mr. Donner is VP Operations. Mr. Smerchanski and Mr. Donner both hold Common Shares and Options. As of the date hereof, and as of the date of the press releases for which they were the Corporation's Qualified Person, the Common Shares and Options held by Mr. Smerchanski and Mr. Donner each, represent less than 1% of the issued and outstanding Common Shares and Options, respectively.

Interests of Management and Others in Material Transactions

Other than as disclosed elsewhere in this AIF, no director, executive officer, or shareholder beneficially owning or exercising control or direction over, directly or indirectly, more than 10% of the Common Shares, and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction during the current fiscal year or within the three most recently completed financial years or in any proposed transaction which, in either such case, has materially affected or is reasonably expected to materially affect the Corporation.

Material Contracts

There are no material contracts entered into by the Corporation, other than in the ordinary course of business, since the date of incorporation until the date of this AIF or before the most recently completed financial year of the Corporation but which are still in effect.

Board Committees

The Board has four standing committees: (i) Audit; (ii) Compensation; (iii) Corporate Governance and Nominating; and (iv) Health, Safety and Environment. Details as to the composition and mandate of the audit committee of the Board (the "**Audit Committee**"), are described in this AIF under the heading "Information Concerning the Audit Committee and External Auditor"; details related to the mandates and composition of the Compensation Committee, Corporate Governance and Nominating Committee, and Health, Safety and Environment Committee are described in the Corporation's Management Information Circular prepared in respect of the next Annual General Meeting of the Shareholders of the Corporation which will be filed on SEDAR at www.sedar.com.

Information Concerning the Audit Committee and External Auditor

Audit Committee Charter

The Corporation's Audit Committee has a written charter to follow in carrying out its audit and financial review functions (the "**Audit Committee Charter**"), a copy of which is attached to this AIF as Schedule "A". The Audit Committee reviews all financial statements of the Corporation prior to their publication, reviews audits, considers the adequacy of audit procedures, recommends the appointment of independent auditors, reviews and approves the professional services to be rendered by them and reviews fees for audit services. The Audit Committee meets separately (without management present) with the Corporation's auditors to discuss the various aspects of the Corporation's financial statements and the independent audit.

The Corporation has also adopted a Code of Business Conduct and Ethics (the "**Code of Ethics**") that applies to all personnel of the Corporation. A copy of the Code of Ethics is attached as Schedule "B" to this AIF. Employees of the Corporation are encouraged to report suspected

violations of the Code of Ethics to the 'Complaints Officer'. The Complaints Officer is the Chair of the Audit Committee.

Audit Committee Oversight

At no time during the fiscal year ended December 31, 2018 was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as set out in the Audit Committee Charter attached as Schedule "A" hereto.

Composition of the Audit Committee

The members of the Audit Committee are Lenard Boggio (Chair), Graeme Currie and Troy Fierro, each of whom is "independent" and "financially literate" for the purposes of National Instrument 52-110 – *Audit Committees*.

Relevant Education and Experience

The following is a description of the education and experience of each Audit Committee member that is relevant to the performance of his or her responsibilities as an Audit Committee member:

Lenard Boggio

Mr. Boggio is a former partner of PwC, where he was the leader of the mining industry practice in British Columbia. He has significant expertise in financial reporting, auditing matters and transactional support, previously assisting, amongst others, clients in the mineral resource sector, including exploration, development and production stage operations in the Americas, Africa, Europe and Asia. Mr. Boggio previously served as a director of Blue Gold Mining Inc., Augusta Resource Corp., Armor Minerals Inc., Polaris Materials Corporation, and Lithium Americas Corp. and currently serves as a director of the Corporation, Equinox Gold Corp., Sprott Resource Holdings Inc., Titan Mining Corporation and provincially owned BC Hydro and Power Authority. In 1985 Mr. Boggio became a member of the Institute of Chartered Accountants of BC ("ICABC", now "CPA BC"). He was conferred with a Fellow's designation in 2007 and in 2018 he was awarded a Lifetime Achievement Award by CPA BC for his outstanding lifetime of service to his profession and community. He is a past president of ICABC and he is also a past Chair of the Canadian Institute of Chartered Accountants. He is also a member of the Canadian Institute of Corporate Directors ("ICD.D").

Graeme Currie

Mr. Currie previously served as Director, Investment Banking at Canaccord Genuity Limited where he concentrated specifically on the junior mining sector. He retired from Canaccord in August 2012. Prior to his role in investment banking Mr. Currie was with Canaccord as a Senior Mining Analyst for over 22 years, focusing specifically on the junior mining sector. Mr. Currie brings to the Board over three decades of experience evaluating junior exploration and development companies worldwide and extensive knowledge of the capital markets as they relate to the mineral exploration and development industry.

Troy Fierro

Mr. Fierro is a Mining engineer with over 30 years of industry experience. Mr. Fierro formerly held executive positions with Fronteer Gold Inc., Metallica Resources Inc., and Coeur d'Alene Mines, where he has overseen the development, construction or management of mines in Nevada, Mexico, Argentina, Chile, and Alaska. He is a former director of Grayd Resources and Timberline Resources.

Auditor

PwC has been the Corporation's external auditor since 2007. PwC conducts the annual audit of Pure Gold's consolidated financial statements and on occasion, provides audit-related, tax and other services. PwC reports to the Audit Committee.

External Auditor Service Fees

The following table shows the fees paid, net of 5% administrative surcharge, by the Corporation to PwC for services in the years ended December 31, 2018 and March 31, 2018:

	Years ended	
	December 31 2018	March 31 2018
Audit fees	\$54,100	\$75,700
Audit related fees	\$ -	\$ -
Other fees	\$ 1,767	\$ 7,535
Total	\$55,867	\$83,235

Audit Fees:

Audit fees paid decreased by \$21,600 from March 31, 2018 to December 31, 2018 as a result of the Corporation not having any quarters reviewed by PwC during the year ended December 31, 2018, partially offset by commencing an application for a listing on the London Stock Exchange resulting in additional review of materials by PwC.

Audit Related Fees:

Professional services provided by the external auditor for assurance and related services that are reasonably related to the performance of the audit of Pure Gold's consolidated financial statements.

Tax Fees:

There were no tax fees paid by the Corporation to PwC in either of the last two fiscal years.

All Other Fees:

Other fees paid in the fiscal years ended December 31, 2018 and March 31, 2018 relate to non-audit tax work performed by the external auditor.

ADDITIONAL INFORMATION

Additional information, including particulars of directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, where applicable, is contained in the Corporation's Information Circular prepared in respect of the most recent Annual General Meeting of the Shareholders of the Corporation. Additional financial information is also provided in the Audited Financial Statements and the related MD&A.

A copy of such documents, and of this AIF, as well as additional information relating to the Corporation, is available on SEDAR under the Corporation's profile at www.sedar.com. Copies may also be obtained upon request from the Corporate Secretary of the Corporation. The Corporation may require payment of a reasonable charge if the request is made by a person who is not a holder of securities of the Corporation. Information on the Corporation's website is not part of this AIF, or incorporated by reference.

Additional information relating to the Corporation may be found on SEDAR under the Corporation's profile at www.sedar.com.

SCHEDULE A – CHARTER OF THE AUDIT COMMITTEE OF PURE GOLD MINING INC.

1. ROLE AND OBJECTIVE

The Audit Committee (the "**Committee**") is appointed by and reports to the Board of Directors (the "**Board**") of Pure Gold Mining Inc. (the "**Corporation**"). The Committee assists the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for the Corporation.

The Committee and its membership shall to the best of its ability, knowledge and acting reasonably, meet all applicable legal, regulatory and listing requirements, including, without limitation, those of any stock exchange on which the Corporation's shares are listed, the *Canada Business Corporations Act* (the "**Act**"), and all applicable securities regulatory authorities.

2. COMPOSITION

1. The Committee shall be composed of three or more directors as shall be designated by the Board from time to time.
2. Each member of the Committee shall be "independent" and financially literate (as such terms are defined under applicable securities laws and exchange requirements for audit committee purposes). Each member of the Committee shall be able to read and understand the Corporation's financial statements, including the Corporation's statement of financial position, income statement and cash flow statement and any other applicable statements or notes to the financial statements.
 - Members of the Committee shall be appointed at a meeting of the Board, typically held immediately after the annual shareholders' meeting. Each member shall serve until his/her successor is appointed unless he/she shall resign or be removed by the Board or he/she shall otherwise cease to be a director of the Corporation. Any member may be removed or replaced at any time by the Board.
 - Where a vacancy occurs at any time in the membership of the Committee, it may be filled by a vote of a majority of the Board.
 - The Chair of the Committee may be designated by the Board or, if it does not do so, the members of the Committee may elect a chair by vote of a majority of the full Committee membership. The Chair of the Committee shall be an independent director (as described above).
 - If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee present at the meeting shall be chosen by the Committee to preside.
 - The Chair of the Committee presiding at any meeting shall not have a casting vote.
 - The Committee shall appoint a secretary (the "**Secretary**") who need not be a member of the Committee or a director of the Corporation. The Secretary shall keep minutes of the meetings of the Committee. This role is normally filled by the Secretary of the Corporation.

MEETINGS

3. The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements, provided that meetings of the Committee shall be convened whenever requested by the auditor that is appointed by the shareholders (the “**Independent Auditor**”) or any member of the Committee in accordance with the Act.
4. The Chair of the Committee shall prepare and/or approve an agenda in advance of each meeting.
5. Notice of the time and place of every meeting may be given orally, in writing, by facsimile or by e-mail to each member of the Committee at least 48 hours prior to the time fixed for such meeting.
6. A member may in any manner waive notice of the meeting. Attendance of a member at the meeting shall constitute waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called.
7. Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.
8. A majority of Committee members, present in person, by video-conference, by telephone or by a combination thereof, shall constitute a quorum.
9. If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the second adjourned meeting a quorum as hereinbefore specified is not present, the quorum for the adjourned meeting shall consist of the members then present.
10. If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.
11. At all meetings of the Committee, every question shall be decided by a majority of the votes cast. In case of an equality of votes, the matter will be referred to the Board for decision. Any decision or determination of the Committee reduced to writing and signed by all of the members of the Committee shall be fully effective as if it had been made at a meeting duly called and held.
12. The CEO and CFO are expected to be available to attend meetings, but a portion of every meeting will be reserved for in camera discussion without the CEO or CFO, or any other member of management, being present.
13. The Committee may by specific invitation have other resource persons in attendance such officers, directors and employees of the Corporation and its subsidiaries, and other persons, including the Independent Auditor, as it may see fit, from time to time, to attend at meetings of the Committee.

14. The Board may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.
15. The Committee shall have the right to determine who shall and who shall not be present at any time during a meeting of the Committee.
16. Minutes of Committee meetings shall be sent to all Committee members.
17. The Chair of the Committee shall report periodically the Committee's findings and recommendations to the Board.

RESOURCES AND AUTHORITY

18. The Committee shall have access to such officers and employees of the Corporation and its subsidiaries and to such information with respect to the Corporation and its subsidiaries as it considers being necessary or advisable in order to perform its duties and responsibilities.
19. The Committee shall have the authority to engage and obtain advice and assistance from internal or external legal, accounting or other advisors and resources, as it deems advisable, at the expense of the Corporation.
20. The Committee shall have the authority to communicate directly with the Independent Auditor.

RESPONSIBILITIES

A. Chair

To carry out its oversight responsibilities, the Chair of the Committee shall undertake the following:

21. provide leadership to the Committee with respect to its functions as described in this Charter and as otherwise may be appropriate, including overseeing the logistics of the operations of the Committee;
22. chair meetings of the Committee, unless not present (including in camera sessions), and reports to the Board following each meeting of the Committee on the findings, activities and any recommendations of the Committee;
23. ensures that the Committee meets on a regular basis and at least four times per year;
24. in consultation with the Committee members, establishes a calendar for holding meetings of the Committee;
25. establish the agenda for each meeting of the Committee, with input from other Committee members, and any other parties, as applicable;
26. ensures that Committee materials are available to any director on request;
27. acts as liaison and maintains communication with the Chair of the Board (or Lead Director if an individual other than the Chair) and the Board to optimize and coordinate input from Board members, and to optimize the effectiveness of the Committee. This includes reporting to the full Board on all proceedings and deliberations of the Committee at the first meeting of the Board after each Committee meeting and at such other times and in such manner as the Committee considers advisable;

28. report annually to the Board on the role of the Committee and the effectiveness of the Committee in contributing to the objectives and responsibilities of the Board as a whole;
29. ensure that the members of the Committee understand and discharge their duties and obligations;
30. foster ethical and responsible decision making by the Committee and its individual members;
31. encourage Committee members to ask questions and express viewpoints during meetings;
32. together with the Corporate Governance and Nominating Committee, oversee the structure, composition, membership and activities delegated to the Committee from time to time;
33. ensure that resources and expertise are available to the Committee so that it may conduct its work effectively and efficiently and pre-approves work to be done for the Committee by consultants;
34. facilitate effective communication between members of the Committee and management;
35. encourage the Committee to meet in separate, regularly scheduled, non-management, closed sessions with the Independent Auditor;
36. attend each meeting of shareholders to respond to any questions from shareholders as may be put to the Chair; and
37. perform such other duties and responsibilities as may be delegated to the Chair by the Board from time to time.

B. The Committee

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the Independent Auditor as well as any officer of the Corporation, or outside counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Corporation and has the authority to retain, at the expense of the Corporation, special legal, accounting, or other consultants or experts to assist in the performance of the Committee's duties.

The Committee is hereby delegated the duties and powers specified in Section 171 of the Act and, without limiting these duties and powers, the Committee will carry out the following responsibilities:

Financial Accounting and Reporting Process and Internal Controls

38. review the annual audited financial statements to satisfy itself that they are presented in accordance with applicable Canadian accounting standards and report thereon to the Board and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. The Committee shall also review and approve the interim financial statements prior to their being filed with the appropriate regulatory authorities. The Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the Independent Auditor as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information

contained in the annual audited financial statements is not significantly erroneous, misleading or incomplete and that the audit function has been effectively carried out.

39. review management's internal control report and the evaluation of such report by the Independent Auditor, together with management's response. The Committee shall assess the integrity of internal controls and financial reporting procedures and ensure implementation of such controls and procedures.
40. review the financial statements, management's discussion and analysis relating to annual and interim financial statements, annual and interim earnings press releases and any other public disclosure documents that are required to be reviewed by the Committee under any applicable laws before the Corporation publicly discloses this information.
41. be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, and periodically assess the adequacy of these procedures.
42. meet no less frequently than annually with the Independent Auditor and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee deems appropriate.
43. inquire of management and the Independent Auditor about significant risks or exposures, both internal and external, to which the Corporation may be subject, and assess the steps management has taken to minimize such risks.
44. review the post-audit or management letter containing the recommendations of the Independent Auditor and management's response and subsequent follow-up to any identified weaknesses.
45. oversee the Corporation's plans to adopt changes to accounting standards and related disclosure obligations.
46. in consultation with the Corporate Governance and Nominating Committee, ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting and overseeing a corporate code of ethics for senior financial personnel.
47. establish procedures for:
 - the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
 - the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
48. provide oversight to related party transactions entered into by the Corporation.

Independent Auditor

49. recommend to the Board for approval by shareholders, the selection, appointment and compensation of the Independent Auditor;

50. be directly responsible for oversight of the Independent Auditor and the Independent Auditor shall report directly to the Committee.
51. ensure the lead audit partner and the other audit partners (if any) at the Independent Auditor is replaced in compliance with applicable laws.
52. be directly responsible for overseeing the work of the Independent Auditor, including the resolution of disagreements between management and the Independent Auditor regarding financial reporting.
53. with reference to the procedures outlined separately in "Procedures for Approval of Non-Audit Services" (attached hereto as Appendix 'A'), pre-approve all audit and non-audit services not prohibited by law to be provided by the Independent Auditor.
54. monitor and assess the relationship between management and the Independent Auditor and monitor, confirm, support and assure the independence and objectivity of the Independent Auditor. The Committee shall establish procedures to receive and respond to complaints with respect to accounting, internal accounting controls and auditing matters.
55. review the Independent Auditor's audit plan, including scope, procedures, timing and staffing of the audit.
56. review the results of the annual audit with the Independent Auditor, including matters related to the conduct of the audit, and receive and review the auditor's interim review reports.
57. obtain timely reports from the Independent Auditor describing critical accounting policies and practices, alternative treatments of information within applicable Canadian accounting principles that were discussed with management, their ramifications, and the Independent Auditor' preferred treatment and material written communications between the Corporation and the Independent Auditor.
58. review fees paid by the Corporation to the Independent Auditor and other professionals in respect of audit and non-audit services on an annual basis.
59. review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former Auditor of the Corporation.

Other Responsibilities

60. perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate;
61. institute and oversee special investigations, as needed; and
62. review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

Re-confirmed December 10, 2014

Appendix A

Policy for Approval of Non-Audit Services

1. In the event that Pure Gold Mining Inc. (the “Corporation”) or a subsidiary of the Corporation wishes to retain the services of the Corporation’s Independent Auditor for services other than the annual audit (e.g. tax compliance, tax advice or tax planning, to meet the requirements of a regulatory filing or due diligence, to receive advice on various matters, etc.), the Chief Financial Officer of the Corporation shall consult with the Audit Committee of the Board of Directors (the “Committee”), who shall have the authority to approve or disapprove such non-audit services. The Chair of the Committee has the authority to approve or disapprove such non-audit services on behalf of the Committee and shall advise Committee of such pre-approvals no later than the time of the next meeting of the Committee following such pre-approval having been given.
2. The Committee, or the Chair of the Committee, as appropriate, shall confer with the Independent Auditor regarding the nature of the services to be provided and shall not approve any services that would be considered to impair the independence of the Independent Auditor. For greater clarity, the following is a non-exhaustive list of the categories of non-audit services that would be considered to impair the independence of the Independent Auditor:
 - (a) bookkeeping or other services related to or requiring management decisions in connection with the Corporation’s accounting records or financial statements;
 - (b) financial information systems design and implementation;
 - (c) appraisal or valuation services, fairness opinion or contributions-in-kind reports;
 - (d) actuarial services;
 - (e) internal audit outsourcing services;
 - (f) management functions;
 - (g) human resources;
 - (h) broker or dealer, investment adviser or investment banking services;
 - (i) legal services;
 - (j) expert services unrelated to the audit; and
 - (k) any other service that the Canadian Public Accountability Board or any other applicable regulatory authority determines is impermissible.
3. The Chief Financial Officer of the Corporation shall maintain a record of non-audit services approved by the Chair of the Committee or the Committee for each fiscal year and provide a report to the Committee any services pre-approved since the last report, at each meeting and no less frequently than on a quarterly basis.
4. In accordance with the requirements set forth under the “Exemption for minimal non-audit services” provided by Section 2.3(4) of National Instrument 52-110 – *Committees*, whereby the Independent Auditor has commenced a service and:

- (a) the Corporation or the subsidiary entity of the Corporation, as the case may be, and the Independent Auditor did not recognize the services as non-audit services at the time of the engagement;
- (b) once recognized as non-audit services, the services are promptly brought to the attention of the Committee and approved by the Committee prior to the completion of the audit; and
- (c) the aggregate fees for the non-audit services not previously approved are immaterial in comparison to the aggregate fees paid by the Corporation to the Corporation's Independent Auditor during the financial year in which the services are provided, such services shall be exempted from the requirements for pre-approval of non-audit services set out in this Policy.

SCHEDULE B – CODE OF BUSINESS CONDUCT AND ETHICS

Purpose

This Code of Business Conduct and Ethics (the "**Code**") of Pure Gold Mining Inc. (the "**Corporation**") and its subsidiaries and affiliates is intended to document the principles of conduct and ethics to be followed by the Corporation's directors, officers employees and where practical, key consultants (being, those who are engaged in an employee-like capacity) (collectively, the "**Personnel**") of the Corporation. The Code applies to interpersonal and electronic communications. Its purpose is to:

- Reiterate the Corporation's commitment to full compliance by the Corporation, its subsidiaries and affiliates, and its Personnel with Canada's Corruption of Foreign Public Officials Act ("**CFPOA**"), and any local anti-bribery or anti-corruption laws that may be applicable;
- Promote fair dealing with the Corporation's customers, suppliers, competitors and other third parties;
- Promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- Promote avoidance of conflicts of interest, including disclosure to an appropriate person of any material transaction or relationship that reasonably could be expected to give rise to such a conflict;
- Promote full, fair, accurate, timely and understandable disclosure in reports and documents that the Corporation files with, or submits to, the relevant Canadian or other foreign regulatory authorities and in other information disseminated to the public;
- Promote compliance with applicable governmental laws, rules and regulations as well as the rules of the Toronto Stock Exchange;
- Promote the prompt internal reporting to an appropriate person of violations of this Code;
- Promote accountability for adherence to this Code, the CFPOA;
- Provide guidance to Personnel to help them recognize and deal with ethical issues;
- Promote a workplace free from bullying and harassment;
- Provide mechanisms to report unethical or inappropriate conduct; and
- Help foster a culture of honesty and accountability.

This Code is not intended to be a comprehensive guide to all of the Corporation's policies or to all its Personnel's responsibilities under applicable laws or regulations. It is intended to provide general parameters to help resolve the ethical and legal issues encountered when the Corporation conducts business.

The Corporation expects all of its Personnel to comply and act in accordance, at all times, with the principles stated above and the more detailed provisions provided hereinafter. Violation of the law, the Corporation's governance policies or this Code by Personnel is

grounds for disciplinary action up to and including, but without limitation, immediate termination of employment.

Basic Obligations

Under the Corporation's ethical standards, Personnel share certain responsibilities. It is each such person's responsibility to

- (i) become familiar with, and conduct Corporation business in compliance with, applicable laws, rules and regulations and this Code;
- (ii) treat all Corporation Personnel, customers and business partners in an honest and fair manner;
- (iii) avoid situations where any Personnel's personal interests are, or *appear to be*, in conflict with the Corporation's interests; and
- (iv) safeguard and properly use the Corporation's proprietary and confidential information, assets and resources, as well as those of the Corporation's business partners.

Fair Dealing

Personnel are required to deal honestly and fairly with the Corporation's customers, suppliers, competitors and other third parties.

Corruption is the misuse of public power for private profit, or the misuse of entrusted power for private gain. Bribery is the offer, promise, or payment of cash, gifts, or even excessive entertainment to, or an inducement of any kind offered or given to a person in a position of trust to influence that person's views or conduct or to obtain an improper advantage. Bribery and corruption can take many forms, including the provision or acceptance of:

- Cash payments;
- Phony jobs or "consulting" relationships;
- Kickbacks;
- Political contributions;
- Charitable contributions;
- Social benefits; or
- Gifts, travel, hospitality, and reimbursement of expenses.

When dealing with customers and suppliers, the Corporation:

- prohibits offering, paying, promising or authorizing bribes, kickbacks or any other form of loan, reward, advantage of benefit, or other improper payment, direct or indirect, to any representative of government, labour union, customer or supplier in order to:
 - obtain a contract, some other commercial benefit or government action;
 - cause a person to act or fail to act in violation of a legal or official duty; or

- cause a person to abuse or use his or her position to influence any acts or decisions of the foreign state or public international organization for which the official performs duties or functions;
- prohibits Personnel from accepting any bribe, kickback or improper payment from anyone;
- prohibits gifts of more than modest value to or from suppliers or customers;
- limits marketing and client entertainment expenditures to those that are necessary, prudent, job-related and consistent with the Corporation's policies;
- requires clear and precise communication in the Corporation's contracts, its advertising, its literature, and its other public statements and seeks to eliminate misstatements of fact or misleading impressions;
- reflects accurately on all invoices to customers the sale price and terms of sales for goods sold or services rendered; and
- prohibits Personnel from otherwise taking unfair advantage of the Corporation's customers or suppliers, or other third parties, through manipulation, concealment, abuse of privileged information or any other unfair-dealing practice.

Conflicts of Interest

Personnel should not engage in any activity, practice or act which creates or gives the appearance of a conflict with the best interests of the Corporation or its partners. A conflict of interest occurs when any Personnel places or finds himself or herself in a position where his or her private interests create or give the appearance of a conflict with the best interests of the Corporation or have an adverse effect on such person's motivation or the proper performance of his or her job.

Examples of such conflicts could include, but are not limited to:

- accepting outside employment with, or accepting personal payments from, any organization which does business with the Corporation or is a competitor of the Corporation;
- competing with the Corporation for the purchase or sale of property, services or other interests or taking personal advantage of an opportunity in which the Corporation has an interest;
- having, or immediate family members having, financial interest in a firm which does business with the Corporation;
- seeking or accepting any personal loan or services from any entity with which the Corporation does business, except from financial institutions or service providers offering similar loans or services to third parties under similar terms in the ordinary course of their respective businesses;
- accepting any personal loan or guarantee of obligations from the Corporation, except to the extent such arrangements are legally permissible; and
- having a financial interest, including significant share ownership, in a transaction involving the Corporation or a customer, business partner or supplier.

Personnel must not place themselves or remain in a position in which such person's private interests conflict with the interests of the Corporation.

If the Corporation determines that any Personnel's outside work interferes with performance or his or her ability to meet the requirements of the Corporation, as they are modified from time to time, such person may be asked to terminate such outside work if he or she wishes to remain employed by the Corporation. To protect the interests of both the Personnel and the Corporation, any activity that involves a potential or apparent conflict of interest may be undertaken only after disclosure to the Corporation by such person and review and approval by management of the Corporation or another appropriate party.

Confidentiality Concerning Corporate Affairs

Personnel must preserve and protect the confidentiality of information entrusted to them by the Corporation or its customers and suppliers and which they come into contact with in their work, except when disclosing information which is expressly approved by an officer of the Corporation with authority to give such approval, including if legally mandated. Confidential information encompasses proprietary information which is not in the public domain that could be of use to competitors, or that could harm the Corporation, its Personnel, its customers, suppliers or business partners if disclosed.

Personnel must also not use or disclose to the Corporation any proprietary information or trade secrets of any former employer or other person or entity with whom obligations of confidentiality exist. Similarly, this obligation to protect confidential information continues after leaving the Corporation.

Disclosure

The Corporation is committed to providing full, fair, accurate, timely and understandable disclosure in reports and documents that the Corporation files with, or furnishes to, the Canadian regulatory authorities and in other public communications made by the Corporation. The goal of the Corporation's Timely Disclosure, Confidentiality and Insider Trading Policy (the "**Disclosure Policy**") is to raise awareness of the Corporation's approach to disclosure among the Personnel and those authorized to speak on behalf of the Corporation.

The Disclosure Policy extends to all Personnel and those authorized to speak on the Corporation's behalf. It covers disclosures in documents filed with, or furnished to, the securities regulators and written statements made in the Corporation's annual and quarterly reports, news releases, letters to shareholders, presentations by senior management, information contained on the Corporation's web site and other electronic communications. It extends to oral statements made in meetings and telephone conversations with members of the investment community (which includes analysts, investors, investment dealers, brokers, investment advisers and investment managers), interviews with the media as well as speeches, conference calls and posting to social media websites. As a prerequisite and condition of employment, all Personnel must sign

an acknowledgment by which they agree to adhere to such Disclosure Policy, which is generally provided to the new hire prior to or immediately after his or her start date and is available on the Public folder of the Corporation's network or from the Chief Financial Officer.

Accuracy of Corporate Records

The Corporation is required to record and publicly report all internal and external financial records in compliance with International Financial Reporting Standards ("**IFRS**"). The books and records of the Corporation and each of its subsidiaries and affiliates must correctly record both the amount and a written description of any transaction. Personnel must ensure that there is a reasonable relationship between the substance of a transaction and how it is described in the Corporation's books and records

Therefore, Personnel are responsible for ensuring the accuracy of all books and records within their control and complying with all Corporation policies and internal controls. All Corporation information must be reported accurately, whether in internal personnel, safety, or other records or in information the Corporation releases to the public or files with, or furnishes to, Canadian regulatory authorities.

Financial Reporting and Disclosure Controls

The Corporation is required to file or furnish periodic and other reports with certain Canadian regulatory authorities and to make certain public communications. The Corporation is required by such regulatory authorities to maintain effective "disclosure controls and procedures" so that financial and non-financial information is reported timely and accurately both to its senior management and in any public filings it makes. Personnel are expected, within the scope of their employment duties, to support the effectiveness of the Corporation's disclosure controls and procedures.

Compliance with All Laws, Rules and Regulations

The Corporation is committed to compliance with all applicable laws, rules, and regulations, including laws and regulations applicable to the Corporation's securities and trading in such securities, as well as any rules promulgated by any exchange on which the Corporation's shares are listed or quoted for trading.

Health and Safety

The Corporation is committed to making its work environment safe, secure and healthy for its Personnel and others. The Corporation complies with all applicable laws and regulations relating to safety and health in the workplace. The Corporation expects all Personnel to promote a positive working environment for all. Personnel are expected to consult and comply with all Corporation rules regarding workplace conduct and safety including the Corporation's Health, Safety & Sustainability Policy. Personnel should immediately report any unsafe or hazardous conditions or materials, injuries, and accidents connected with the Corporation's business and any activity that compromises corporate security to a

senior officer of the Corporation. Personnel must not work under the influence of any substances that would impair the safety of themselves and others. All threats or acts of physical violence or intimidation are prohibited.

Protection and Proper Use of the Corporation's Assets

All Personnel should protect the Corporation's assets and ensure their efficient use. The Corporation's assets must be protected from loss, damage, theft, misuse, and waste. The Corporation's assets include your time at work and work product, as well as the Corporation's equipment and vehicles, computers and software, trading and bank accounts, company information and the Corporation's reputation, trademarks and name. the Corporation's telephone, email, Internet and other electronic systems are primarily for business purposes. Personal communications using these systems should be kept to a minimum. Personnel should exercise prudence in incurring and approving business expenses, work to minimize such expenses and ensure that such expenses are reasonable and serve the Corporation's business interests.

Respect for the Corporation's Personnel

The Corporation's employment decisions will be based on reasons related to its business, such as job performance, individual skills and talents, and other business or related factors. The Corporate policy requires adherence to all federal, state, provincial or other local employment laws. In addition to any other requirements of applicable laws in a particular jurisdiction, the Corporate policy prohibits discrimination in any aspect of employment based on race, color, religion, sex, national origin, disability or age, within the meaning of applicable laws.

Abusive or Harassing Conduct Prohibited

The Corporation prohibits abusive or harassing conduct by its Personnel towards others, such as unwelcome sexual advances, comments based on ethnicity, religion or race, or other non-business, personal comments or conduct that make others uncomfortable in their employment with / engagement by the Corporation. The Corporation encourages and expects all Personnel to report harassment or other inappropriate conduct as soon as it occurs.

Bullying and Harassment

The Corporation is committed to a work environment that is free from bullying and harassment and supportive of the productivity, dignity and self-esteem of every employee. The Corporation will not tolerate and is dedicated to preventing, where possible, or otherwise minimizing, bullying and harassment. Bullying and harassment:

- includes any inappropriate conduct or comment by a person towards a worker that the person knew or reasonably ought to have known would cause that worker to be humiliated or intimidated, or any unwelcome or objectionable conduct or comment which would be considered discriminatory under the *BC*

Human Rights Code, but

- excludes any reasonable action taken by an employer or supervisor relating to the management and direction of workers or the place of employment.

Examples of conduct or comments that might constitute bullying and harassment include verbal aggression or insults, calling someone derogatory names, harmful hazing or initiation practices, vandalizing personal belongings, and spreading malicious rumours.

Examples of conduct or comments that might constitute sexual harassment include: unwanted physical contact such as touching, patting, pinching and hugging; sexual advances with actual or implied work related consequences; and sexual jokes, innuendos or horseplay.

The above definitions and examples are intended to be general guidance and not exhaustive and the types of behavior described are by way of illustration only.

Personnel must:

- not engage in the bullying and harassment of other Personnel.
- report if bullying and harassment is observed or experienced.

Any Personnel found to have bullied or harassed another person may be subject to discipline, up to and including termination of employment or other business relationship. Because of the seriousness of such allegations, malicious unfounded complaints may also be subject to discipline, up to and including termination of employment or other business relationship.

Privacy

The Corporation, and companies and individuals authorized by the Corporation, collect and maintain personal information that relates to its Personnel, including compensation, medical and benefits information. The Corporation follows procedures to protect information wherever it is stored or processed, and access to the personal information of its Personnel is restricted. Personal information will only be released to outside parties in accordance with the Corporation's policies and applicable legal requirements. Personnel who have access to personal information must ensure that personal information is not disclosed in violation of the Corporation's policies or practices.

Duty to Report Suspected Code Violations

The Corporation expects its Personnel to take all responsible steps to prevent a violation of this Code, to identify and raise potential issues before they lead to problems, and to seek additional guidance when necessary.

If any Personnel observe or become aware of an actual or potential violation of this Code or of any applicable law or regulation, whether committed by the Corporation's Personnel or by others associated with the Corporation, it is their responsibility to promptly report the circumstances to the CEO, CFO or Board Chair and to cooperate with any investigation

by the Corporation. This Code is designed to provide an atmosphere of open communication for compliance issues and to ensure that Personnel acting in good faith have the means to report actual or potential violations.

Relationship to Other Policies

All Corporation policies apply to Personnel. If such person is a director, in addition to this Code, the Mandate of the Board and the Directors' Code of Ethics will guide him or her procedurally in his or her position as a director. If such person is a Senior Financial Officer, in addition to this Code, the Code of Ethics for Senior Financial Officers will guide him or her procedurally in his or her position as a senior financial officer. In addition, if any such person is a member of a committee of the Board, the applicable committee charter(s) should guide his or her conduct in carrying out his or her duties on such committee. In the event of any conflict between such policies and this Code, the terms of this Code shall govern.

Waivers and Amendments

Only the Board may waive application of or amend any provision of this Code. A request for such a waiver should be submitted in writing to the Board, Attention: Chair of the Board, for the full Board's consideration. The Corporation will promptly disclose to the appropriate regulatory authorities in accordance with applicable Canadian securities laws and regulations and applicable exchange rules upon which the Corporation's securities are listed or quoted for trading all substantive amendments to the Code as well as all waivers of the Code granted to directors or officers by the Board.

No Rights Created

This Code is a statement of the fundamental principles and key policies and procedures that govern the conduct of the Corporation's business. It is not intended to and does not, in any way, constitute an employment contract or an assurance of continued employment or create any rights in any employee, director, client, supplier, competitor, shareholder or any other person or entity.

Enacted April 3, 2014

Receipt and Acknowledgement

The undersigned hereby acknowledges having received and read a copy of the "The Corporation's – Code of Business Conduct and Ethics" and agrees to adhere to its terms and its intent at all times.

Name: _____

Signature: _____

Date: _____