

## **IMPORTANT TAX NOTICE TO UNITED STATES (“U.S.”) SHAREHOLDERS OF PURE GOLD MINING INC.**

This statement is provided for shareholders who are classified as U.S. citizens, U.S. residents and other persons classified as U.S. persons for purposes of the U.S. Internal Revenue Code of 1986, as amended (“IRC”), and the regulations thereunder. It is not relevant to other shareholders

Pure Gold Mining Inc. (the “Company” or “Pure Gold”) is a non-U.S. entity and is deemed to be classified as a Passive Foreign Investment Corporation (“PFIC”) as defined in Section 1297(a) of the IRC for the year ended December 31, 2018. We are offering this PFIC Annual Information Statement (“AIS”) for U.S. persons who may elect to file Form 8621 for U.S. federal income tax filing purposes.

In order to avoid some of the adverse consequences resulting from a corporation being deemed a PFIC, a U.S. person that holds our ordinary shares may elect to have us treated, with respect to that person, as a “Qualified Electing Fund” or QEF (an “Electing Shareholder”). The QEF election applies to all ordinary shares that the Electing Shareholder held or subsequently acquired and can only be revoked with consent of the Internal Revenue Service (“IRS”). The QEF election must be made on or before the due date (after taking into account extensions) for the Electing Shareholder’s tax return for the taxable year for which the election is made and, once made, will be effective for all subsequent taxable years of such person unless revoked.

The Electing Shareholder generally will be required to include currently in gross income his or her pro rata share of our annual ordinary earnings and net capital gains, if any, in any taxable year for which we are a PFIC, regardless of whether or not distributions were received from us by the Electing Shareholder. Any income inclusion will be required whether or not the Electing Shareholder owns our ordinary shares for an entire taxable year or merely at the end of our taxable year. The amount required to be included in income will be determined without regard to our prior year losses.

Tax would need to be paid currently on such income, unless an election is made to defer such payment (interest charges would apply as a result, however). The Electing Shareholder’s adjusted tax basis in our ordinary shares would be increased to reflect such taxes paid on undistributed earnings and profits. Subsequent distributions of our earnings and profits that had been previously taxed will result in a corresponding reduction in the adjusted tax basis in the ordinary shares held by the Electing Shareholder and will not be taxed again once distributed.

A primary advantage of a QEF election relates to treatment of gain upon disposition of ordinary shares. As long as an Electing Shareholder’s QEF election is in effect with respect to the entire holding period for its ordinary shares, any gain or loss realized by such shareholder on the sale or exchange of such ordinary shares held as capital assets ordinarily would be a capital gain or loss and taxable to such shareholder in the same manner as if the shares were not shares in a PFIC.

Below is a PFIC Annual Information Statement (“AIS”), which reports information under U.S. tax rules as required by Treasury Regulation Section 1.1295-1(g)(1). It contains information to enable you to treat the Company as a Qualified Electing Fund (“QEF”). Consult your tax advisor to determine the appropriate treatment for your investment and personal circumstances.

This PFIC statement is intended to help you make a QEF election, should you decide to do so. However, neither the PFIC statement nor this letter constitute tax advice. You should seek the advice of a tax advisor for your specific situation.

We recommend that all U.S. taxpayers consult a tax advisor concerning the tax consequences of owning shares of Pure Gold. Further information on PFIC rules and election is available from the Internal Revenue Service, including the following website: [www.irs.gov/instructions/i8621](http://www.irs.gov/instructions/i8621).

Sincerely,

Pure Gold Mining Inc.

**Pure Gold Mining Inc.**  
**PFIC Annual Information Statement**  
**For the Year Ending December 31, 2018**

1) This Information Statement applies to the taxable year of Pure Gold Mining Inc. ("Pure Gold") beginning on April 1, 2018 and ending on December 31, 2018.

2) The pro rata share of ordinary earnings of Pure Gold for the period specified in paragraph (1) is:

Pure Gold Shares: \$0.00

3) The pro rata share of net capital gains of Pure Gold for the period specified in paragraph (1) is:

Pure Gold Shares: \$0.00

4) The amount of cash and the fair market value of property distributed or deemed distributed to the shareholders of Pure Gold for the period specified in paragraph (1) is:

Pure Gold Shares: \$0.00

5) Pure Gold will, upon request, permit you to inspect and copy its permanent books of account, records, and such other documents as may be maintained by Pure Gold that are necessary to establish the PFIC's ordinary earnings and net capital gains, as provided in IRC Section 1293, are computed in accordance with U.S. income tax principles, and to verify these amounts.

The undersigned is executing this statement on behalf of Pure Gold Mining Inc. and not in his personal capacity.

Pure Gold Mining Inc.

By: Sean Tetzlaff  
Title: Chief Financial Officer and Corporate Secretary  
Date: October 3, 2019

THIS INFORMATION CONTAINED HEREIN IS TAKEN FROM THE FINANCIAL STATEMENTS OF PURE GOLD MINING INC. AND IS PROVIDED IN ORDER TO ASSIST INVESTORS IN MAKING CALCULATIONS AND DOES NOT CONSTITUTE TAX ADVICE. COPIES OF THE FINANCIAL STATEMENTS ARE AVAILABLE ON THE PURE GOLD MINING INC. INTERNET SITE AT [www.puregoldmining.ca](http://www.puregoldmining.ca). INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS CONCERNING THE OVERALL TAX CONSEQUENCES OF THE OWNERSHIP OF SECURITIES ARISING IN THEIR OWN PARTICULAR SITUATIONS UNDER UNITED STATES FEDERAL, STATE, LOCAL OR FOREIGN LAW.