Pure Gold Mining Inc.

Condensed Interim Consolidated Financial Statements

For the nine months ended December 31, 2015

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars Unless Noted Otherwise)

Notice of no Auditor Review of
Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Pure Gold Mining Inc. (the “Company”) as at December 31, 2015, and for the nine months ended December 31, 2015, have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada (“CPA Canada”) for a review of interim financial statements by an entity’s auditor.

Pure Gold Mining Inc.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars Unless Noted Otherwise)

	As at December 31, 2015	As at March 31, 2015
ASSETS		
Current Assets		
Cash	$ 4,633,463	$ 5,006,937
Short-term investments *(Note 6)*	23,000	1,523,000
Amounts receivable *(Note 7)*	46,483	130,048
Prepaid expenses *(Note 8)*	26,473	83,180
Available for sale investment (*Note 18*)	2,644,544	-
Interest receivable	-	34,718
	7,373,963	6,777,883
Non-current Assets		
Exploration and evaluation assets *(Note 9a)*	6,889,823	11,052,776
Property, plant and equipment *(Note 10)*	6,595,351	6,604,523
Reclamation deposits *(Note 11)*	2,087,262	1,747,499
Deposits *(Note 14)*	156,000	156,000
Total Assets	$ 23,102,399	$ 26,338,681
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	$ 639,572	$ 818,620
Flow-through premium liability	968,553	968,553
Other liability *(Note 9c)*	334,763	-
	1,942,888	1,787,173
Non-current Liabilities		
Provision for closure and reclamation *(Note 12)*	2,432,537	2,568,480
Other long-term liabilities	3,295	3,295
Total Liabilities	4,378,720	4,358,948
Equity		
Share capital *(Note 13a)*	37,362,311	37,362,311
Equity reserves *(Note 13b and Note 13c)*	8,465,319	8,149,745
Accumulated other comprehensive income	(10,017)	-
Accumulated deficit	(27,093,934)	(23,532,323)
Total Equity	18,723,679	21,979,733
Total Liabilities and Equity	$ 23,102,399	$ 26,338,681

Commitments & Contingencies *(Note 16)*

Approved by the Audit Committee of the Board of Directors on February 18, 2016:

"Graeme Currie", Director   *"Lenard Boggio"*, Director

- See Accompanying Notes to the Condensed Interim Consolidated Financial Statements -

Pure Gold Mining Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars Unless Noted Otherwise)

	For the three months ended December 31, 2015	For the three months ended December 31, 2014	For the nine months ended December 31, 2015	For the nine months ended December 31, 2014
Expenses				
Exploration and evaluation expenditures *(Note 9b)*	$ 306,779	$ 1,523,736	$ 2,342,958	$ 3,112,147
Wages, consulting and director fees	224,124	175,235	549,791	591,062
Share-based compensation *(Note 13c)*	179,593	104,683	315,574	818,143
Office and rent	56,487	81,710	211,907	240,443
Investor relations and communication	7,934	48,576	93,099	384,454
Depreciation	11,882	2,346	30,311	7,039
Listing and filing fees	8,087	9,876	22,160	28,323
Administrative travel	6,947	1,541	9,311	15,138
Professional fees	1,968	16,587	7,394	49,752
Write-down of property, plant and equipment	-	-	-	8,275
Loss on disposal of property, plant and equipment	-	2,200	-	2,200
Total Expenses	(803,801)	(1,966,490)	(3,582,505)	(5,256,976)
Other Income and Expenses				
Interest income	11,649	16,580	49,158	67,449
Management and administration fee	-	-	-	8,650
Accretion expense *(Note 12)*	(9,163)	(12,762)	(28,264)	(40,075)
Total Other Income	2,486	3,818	20,894	36,024
Net Loss for the Period	$ (801,315)	$ (1,962,672)	$ (3,561,611)	$ (5,220,952)
Other Comprehensive Loss				
Items that may be subsequently reclassified to profit or loss				
Mark to market loss on available for sale investment	10,017	-	10,017	-
Total Comprehensive Loss for the Period	$ (811,332)	$ (1,962,672)	$ (3,571,628)	$ (5,220,952)
Weighted Average Number of Common Shares Outstanding	125,719,854	107,753,375	125,719,854	103,502,817
Basic and Diluted Loss per Common Share	$ (0.01)	$ (0.02)	$ (0.03)	$ (0.05)

- See Accompanying Notes to the Condensed Interim Consolidated Financial Statements -

Pure Gold Mining Inc.

Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars Unless Noted Otherwise)

	Number of Common Shares	Share Capital	Equity Reserves	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
Balance – March 31, 2014	96,667,075	$ 28,556,296	$ 7,549,407	$ -	$ (16,377,823)	$ 19,727,880
Fair value of shares issued for exploration and evaluation assets – Sabina	6,500,000	2,730,000	-	-	-	2,730,000
Exercised compensation options	2,899,533	724,883	-	-	-	724,883
Fair value of exercised compensation options	-	146,345	(146,345)	-	-	-
Exercised warrants	1,611,767	773,484	-	-	-	773,484
Fair value of exercised warrants	-	107,301	(107,301)	-	-	-
Exercised stock options	75,000	15,000	-	-	-	15,000
Fair value of exercised stock options	-	69,854	(69,854)	-	-	-
Share-based compensation	-	-	818,143	-	-	818,143
Net loss for the period	-	-	-	-	(5,220,952)	(5,220,952)
Balance – December 31, 2014	107,753,375	$ 33,123,163	$ 8,044,050	$ -	$ (21,598,775)	$ 19,568,438
Flow-through common share issuances resulting from financing	13,836,478	4,842,767	-	-	-	4,842,767
Flow-through premium liability	-	(968,553)	-	-	-	(968,553)
Common share issuances resulting from financing	3,187,143	892,400	-	-	-	892,400
Share issue costs – cash	-	(547,737)	-	-	-	(547,737)
Finder's fee – shares	892,858	250,000	-	-	-	250,000
Share issue costs - shares	-	(250,000)	-	-	-	(250,000)
Exercised warrants	50,000	15,000	-	-	-	15,000
Fair value of exercised warrants	-	5,271	(5,271)	-	-	-
Share-based compensation	-	-	110,966	-	-	110,966
Net loss for the period	-	-	-	-	(1,933,548)	(1,933,548)
Balance – March 31, 2015	125,719,854	$ 37,362,311	$ 8,149,745	$ -	$ (23,532,323)	$ 21,979,733
Accumulated other comprehensive loss	-	-	-	(10,017)	-	(10,017)
Share-based compensation	-	-	315,574	-	-	315,574
Net loss for the period	-	-	-	-	(3,561,611)	(3,561,611)
Balance – December 31, 2015	125,719,854	$ 37,362,311	$ 8,465,319	$ (10,017)	$ (27,093,934)	$ 18,723,679

- See Accompanying Notes to the Condensed Interim Consolidated Financial Statements -

Pure Gold Mining Inc.

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars Unless Noted Otherwise)

		For the nine months ended December 31, 2015		For the nine months ended December 31, 2014
Operating Activities				
Net loss for the period	$	(3,561,611)	$	(5,220,952)
Items not affecting cash:				
Share-based compensation		315,574		818,143
Depreciation		65,138		28,856
Accretion expense		28,264		40,075
Write-down of property, plant and equipment		-		8,275
Loss on disposal of property, plant and equipment		-		2,200
Interest income		(49,158)		(67,449)
Changes in non-cash working capital:				
Amounts receivable		83,565		(203,875)
Prepaid expenses		56,708		68,028
Accounts payable and accrued liabilities		(235,017)		(358,007)
Net cash used in operating activities		(3,296,537)		(4,884,706)
Investing Activities				
Proceeds from partial disposal of exploration and evaluation asset		1,665,237		-
Prepayment of value of surface rights		334,763		-
Purchase of short-term investments		-		(1,523,000)
Redemption of short-term investments		1,500,000		-
Reclamation deposits		(339,763)		(339,763)
Property, plant and equipment		(55,966)		(219,562)
Acquisition of exploration and evaluation assets		-		(2,500,000)
Deposits		-		(156,000)
Interest received		83,876		27,067
Other long-term liabilities		-		3,295
Transaction costs of partial disposal of exploration and evaluation asset		(265,084)		-
Transaction costs related to acquisition of the Newman-Madsen Project		-		(50,292)
Proceeds from disposal of property, plant and equipment		-		500
Net cash provided by (used in) investing activities		2,923,063		(4,757,755)
Financing Activities				
Proceeds from exercised warrants		-		773,484
Proceeds from exercised compensation options		-		724,883
Proceeds from exercised stock options		-		15,000
Net cash provided by financing activities		-		1,513,367
Net Decrease in Cash		(373,474)		(8,129,094)
Cash - Beginning of the Period		5,006,937		8,991,899
Cash - End of the Period	$	4,633,463	$	862,805

Supplemental Cash Flow Information *(Note 17)*

- See Accompanying Notes to the Condensed Interim Consolidated Financial Statements -

1. GENERAL INFORMATION

Pure Gold Mining Inc. ("Pure Gold" or the "Company"), is a publicly listed company incorporated and domiciled in Canada. The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol "PGM." On June 24, 2014, the Company changed its name from Laurentian Goldfields Ltd. to Pure Gold Mining Inc. The Company's head office and principal address is located at Suite 1900 – 1055 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2E9. The Company's records office and registered office address is c/o McMillan LLP, 1500 Royal Centre PO Box 1117, 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

Pure Gold is an exploration stage business focusing on the acquisition, exploration and development of gold and other precious and base metal properties in Canada. Currently, the Company's principal mineral property is the Madsen Gold Project located near Red Lake, Ontario. On December 30, 2015, the Company disposed of the mineral rights associated with 28 non-core patented mining claims to Premier Gold Mines Limited ("Premier") (Note 9c).

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

2. BASIS OF PREPARATION

Statement of Compliance

These condensed interim consolidated financial statements were prepared in accordance with International Accounting Standards 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The accounting policies and methods of application applied by the Company in these condensed interim consolidated financial statements are the same as those applied in the Company's most recent annual consolidated financial statements as at and for the year ended March 31, 2015, except for those policies which have been adopted or amended as outlined in Note 3. These condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and therefore should be read in conjunction with the Company's most recent annual consolidated financial statements as at and for the year ended March 31, 2015. The effects of the adoption of new, amended and future IFRS pronouncements have been disclosed in Note 3 of these condensed interim consolidated financial statements.

3. NEW, AMENDED AND FUTURE IFRS PRONOUNCEMENTS

Changes in Accounting Policies

The following amended accounting policies were adopted upon the mineral claims disposal in the period (Note 9c):

Exploration and Evaluation Assets and Expenditures

The Company's policy is to expense, as incurred, exploration and evaluation expenditures until the mineral property reaches the development stage. Costs related to property acquisitions are

3. NEW, AMENDED AND FUTURE IFRS PRONOUNCEMENTS (continued)

capitalized until the viability of the mineral interest is determined. When it has been established that a mineral deposit is commercially mineable and an economic analysis has been completed, the costs subsequently incurred to develop a mine on the property prior to the start of mining operations are capitalized and will be amortized against production when ready for use as intended by management, or derecognized if the property is sold, allowed to lapse or abandoned.

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

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

The Company has adopted the following revised standards, effective April 1, 2015. There was no consequential impact upon adoption.

IFRS 8 – Operating Segments

IFRS 8, Operating segments, was amended to require (i) disclosure of judgements made by management in aggregating segments, and (ii) a reconciliation of segment assets to the entity's assets when segment assets are reported.

IAS 24 – Related Party Transactions

IAS 24 – Related party transactions was amended to (i) revise the definition of "related party" to include an entity that provides key management personnel services to the reporting entity or its parent, and (ii) clarify related disclosure requirements.

Future IFRS Pronouncements

Certain new standards and amendments to existing standards have been published and are effective for annual accounting periods beginning on or after January 1, 2018. Those which are considered to be relevant to the Company are set out below:

IFRS 7

This standard was amended to require additional disclosures on transition from IAS 39 to IFRS 9. The Company is currently evaluating the extent of the impact of the adoption of this standard.

IFRS 9 – Financial Instruments

IFRS 9, Financial Instruments introduces new requirements for the classification and measurement of financial assets and liabilities. The Company is currently evaluating the extent of the impact of the adoption of this standard.

IAS 12 – Deferred Tax Assets for Unrealized Losses

IAS 12, Income Taxes has been amended to clarify the accounting for deferred tax assets for unrealized losses on debt instruments. The Company does not expect this amendment when implemented to have any impact upon adoption of this standard.

(Expressed in Canadian Dollars Unless Noted Otherwise)

3. NEW, AMENDED AND FUTURE IFRS PRONOUNCEMENTS (continued)

Certain new standards and amendments to existing standards have been published and are effective for annual accounting periods beginning on or after January 1, 2019. Those which are considered to be relevant to the Company are set out below:

IFRS 16 – Leases

IFRS 16, Leases specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Company is currently evaluating the extent of the impact of the adoption of this standard.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and expenses. Estimates and judgments are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In preparing these condensed interim consolidated financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended March 31, 2015.

5. ACQUISITIONS

On June 24, 2014, the Company acquired 100% interest in the Newman-Madsen Property from Sabina Gold & Silver Corp. ("Sabina"). In accordance with IFRS 3, Business Combinations, a business combination is a transaction in which an acquirer obtains control of a business which is defined as an integrated set of activities and assets that are capable of being conducted and managed to provide a return to investors. For an integrated set of activities and assets to be considered a business, the set needs to contain inputs and processes. This acquisition does not meet the definition of a business combination as the Newman-Madsen Property is an exploration stage property with no defined mineral reserves and did not contain any processes. Consequently, this transaction has been recorded as an acquisition of assets. All assets acquired and liabilities assumed were recorded at fair value.

Share consideration paid	$	2,730,000
Transaction costs		50,292
Total Purchase Consideration – Newman-Madsen	**$**	**2,780,292**

Exploration and evaluation assets	$	2,169,316
Property, plant and equipment		610,976
Net Assets Acquired – Newman-Madsen	**$**	**2,780,292**

The Newman-Madsen Project is adjacent to the Madsen Gold Project. On a go forward basis, the Company considers the combined projects as the Madsen Gold Project.

(Expressed in Canadian Dollars Unless Noted Otherwise)

6. SHORT-TERM INVESTMENTS

As of December 31, 2015, the Company has invested $23,000 (March 31, 2015 - $1,523,000) into a Guaranteed Investment Certificate ("GIC") with a Canadian Financial Institution. The GIC yields interest at a rate of 0.75% and has an original maturity date of greater than three months but not more than one year.

7. AMOUNTS RECEIVABLE

Amounts receivable comprised of the following:

	Nine Months Ended December 31, 2015	Year Ended March 31, 2015
Refundable goods and services tax/ harmonized sales tax	$ 46,483	$ 129,008
Other receivables	-	1,040
Total	**$ 46,483**	**$ 130,048**

8. PREPAID EXPENSES

Prepaid expenses comprised of the following:

	Nine Months Ended December 31, 2015	Year Ended March 31, 2015
Insurance and benefits premiums	$ 16,226	$ 44,780
Other prepaid expenses	7,090	15,523
Advance for mapping and sampling program at Madsen	1,657	-
Investor relations and communication	1,500	22,877
Total	**$ 26,473**	**$ 83,180**

9. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES

a. Acquisition Costs

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

	Madsen Gold Project
Balance – March 31, 2014	$ 7,635,798
Acquisition costs – Newman-Madsen	2,280,267
Change in estimate of provision for closure and reclamation	197,171
Reclassification	939,540
Balance – March 31, 2015	**$ 11,052,776**

(Expressed in Canadian Dollars Unless Noted Otherwise)

9. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)

	Madsen Gold Project
Balance – March 31, 2015	$ 11,052,776
Partial disposal of exploration and evaluation asset, net	(3,998,746)
Change in estimate of provision for closure and reclamation	(46,688)
Reduction in provision for closure and reclamation for assets divested during the period (*Note 12)*	(117,519)
Balance – December 31, 2015	**$ 6,889,823**

b. Expenditures

Details of the Company's exploration and evaluation expenditures, which have been cumulatively expensed in the Statement of Loss and Comprehensive Loss, are as follows:

For the nine months ended December 31, 2015	Madsen Gold Project	Other Properties[1]	Total
Contractors / consultants	$ 722,095	$ -	$ 722,095
Salaries, wages and benefits	715,617	-	715,617
Assaying and geochemical	231,482	275	231,757
Drilling	161,621	-	161,621
Equipment rental	119,800	-	119,800
Camp field costs	84,541	9,448	93,989
Travel and accommodation	77,841	-	77,841
Property fees	55,847	1,779	57,626
Utilities	53,121	-	53,121
Depreciation	34,827	-	34,827
Engineering study	86,329	-	86,329
Supplies	15,855	-	15,855
Administration and other	5,885	-	5,885
Refundable mineral exploration tax credit	-	(33,405)	(33,405)
Expenditures for the period	**2,364,861**	**(21,903)**	**2,342,958**
Cumulative balance – March 31, 2015	4,768,080	7,875,159	12,643,239
Cumulative balance – December 31, 2015	**$ 7,132,941**	**$ 7,853,256**	**$ 14,986,197**

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

(Expressed in Canadian Dollars Unless Noted Otherwise)

9. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)

For the nine months ended December 31, 2014	Madsen Gold Project	Other Properties[1]	Total
Salaries, wages and benefits	$ 843,888	$ -	$ 843,888
Contractors / consultants	753,820	-	753,820
Drilling	678,671	-	678,671
Camp field costs	194,561	37,773	232,334
Geology and geophysics	136,233	-	136,233
Travel and accommodation	115,705	-	115,705
Utilities	101,531	-	101,531
Assaying and geochemical	225,817	-	225,817
Property fees	76,643	-	76,643
Administration and other	27,913	-	27,913
Depreciation	21,817	-	21,817
Equipment rental	49,909	-	49,909
Supplies	9,377	-	9,377
Refundable mineral exploration tax credit	-	(161,511)	(161,511)
Expenditures for the period	**3,235,885**	**(123,738)**	**3,112,147**
Cumulative balance – March 31, 2014	168,588	7,996,794	8,165,382
Cumulative balance – December 31, 2014	**$ 3,404,473**	**$ 7,873,056**	**$ 11,277,529**

(1) *Other properties include Van Horne, Maze Lake, Thundercloud, Goldpines North and South, and generative projects.*

c. Madsen Gold Project, Ontario

On March 4, 2014, the Company acquired a 100% interest in the Madsen Gold Project from Claude for cash consideration of $8,750,000 and share consideration of $2,102,031. The Madsen Gold Project comprises in excess of 4,000 hectares in the Red Lake gold camp of Northwestern Ontario.

Newman-Madsen

On June 24, 2014, the Company acquired a 100% interest in the Newman-Madsen Property from Sabina. The Newman-Madsen Property consists of 38 patented mining claims and is adjacent to Pure Gold's Madsen Gold Project in the prolific Red Lake gold camp, and going forward is to be considered as part of the Madsen Gold Project.

Upon completion of the acquisition, Pure Gold issued 6,500,000 of its common shares to Sabina (fair value of $2,730,000). Pure Gold and Sabina also entered into an equity participation agreement pursuant to which Sabina has a right to maintain its equity position in the Company. Such right will expire on the earlier of June 24, 2016 or the date on which Sabina ceases to hold at least 3.5% of the shares of Pure Gold.

Partial sale to Premier Gold Mines Ltd.

On December 30, 2015, the Company entered into an asset purchase agreement ('APA") with Premier Gold Mines Ltd ("Premier"). Under the terms of the APA, the Company is to sell 28 mineral claims (primarily patented mineral claims consisting of surface and mineral rights) of the Madsen Gold Project to Premier, in exchange for $2,500,000 in cash and $2,500,000 in common shares of Premier,

(Expressed in Canadian Dollars Unless Noted Otherwise)

9. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)

calculated using the 20-day Volume Weighted Average Price of Premier's shares and a 1% Net Smelter Return royalty ("NSR") on substantially all of the claims being sold.

The transaction is to close in two tranches. The first tranche closed on December 30, 2015, with the Company receiving cash consideration of $2,000,000, share consideration with a fair value of $2,654,561 (consisting of 1,001,721 common shares of Premier) and the NSR, while Premier received the underlying mineral rights of the claims being sold.

The second tranche is expected to be completed by the end of March 2016 upon receipt of regulatory approvals for the severance of the surface rights. On closing of the second tranche, the Company will receive the final $500,000 while Premier will receive the surface rights to the claims. At December 31, 2015, the Company has included $334,763 of the consideration received on the closing of the first tranche in "other" current liabilities as this value is considered to be a prepayment for the surface rights tranche of the transaction.

The Company accounts for its investment in Premier as an available for sale financial instrument which is measured at fair value. Any unrealized gains and losses relating to the equity investment in Premier are recorded in other comprehensive income ("OCI").

10. PROPERTY, PLANT AND EQUIPMENT

Nine Months Ended December 31, 2015								
	Computer Equipment & Software	Office Furniture & Other Equipment	Land	Vehicles	Exploration Equipment	Mill	Mine Property & Equipment	Total
Cost	($)	($)	($)	($)	($)	($)	($)	($)
March 31, 2015	47,761	67,301	5,584,226	13,850	233,991	616,650	178,650	6,742,429
Additions	50,206	-	-	-	5,760	-	-	55,966
December 31, 2015	97,967	67,301	5,584,226	13,850	239,751	616,650	178,650	6,798,395
Accumulated Depreciation								
March 31, 2015	(46,599)	(52,053)	-	(4,155)	(35,099)	-	-	(137,906)
Depreciation	(29,972)	(2,287)	-	(2,181)	(30,698)	-	-	(65,138)
December 31, 2015	(76,571)	(54,340)	-	(6,336)	(65,797)	-	-	(203,044)
Carrying Amounts								
March 31, 2015	**1,162**	**15,248**	**5,584,226**	**9,695**	**198,892**	**616,650**	**178,650**	**6,604,523**
December 31, 2015	**21,396**	**12,961**	**5,584,226**	**7,514**	**173,954**	**616,650**	**178,650**	**6,595,351**

(Expressed in Canadian Dollars Unless Noted Otherwise)

10. PROPERTY, PLANT AND EQUIPMENT (continued)

Year Ended March 31, 2015								
	Computer Equipment & Software	Office Furniture & Other Equipment	Land	Vehicles	Exploration Equipment	Mill	Mine Property & Equipment	Total
Cost	($)	($)	($)	($)	($)	($)	($)	($)
March 31, 2014	46,370	67,301	6,024,491	22,125	-	616,650	181,350	6,958,287
Additions	1,391	-	500,025	-	233,991	-	-	735,407
Reclassification	-	-	(939,540)	-	-	-	-	(939,540)
Write-down	-	-	-	(8,275)	-	-	-	(8,275)
Disposal	-	-	(750)	-	-	-	(2,700)	(3,450)
March 31, 2015	47,761	67,301	5,584,226	13,850	233,991	616,650	178,650	6,742,429
Accumulated Depreciation								
March 31, 2014	(45,181)	(48,241)	-	-	-	-	-	(93,422)
Depreciation	(1,418)	(3,812)	-	(4,155)	(35,099)	-	-	(44,484)
March 31, 2015	(46,599)	(52,053)	-	(4,155)	(35,099)	-	-	(137,906)
Carrying Amounts								
March 31, 2014	**1,189**	**19,060**	**6,024,491**	**22,125**	**-**	**616,650**	**181,350**	**6,864,865**
March 31, 2015	**1,162**	**15,248**	**5,584,226**	**9,695**	**198,892**	**616,650**	**178,650**	**6,604,523**

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

11. RECLAMATION DEPOSITS

As of December 31, 2015, the Company made four deposits with Canadian financial institutions to provide financial assurance for four letters of credit totaling $2,087,262 (March 31, 2015 - $1,747,499). These letters of credit provide for a partial indemnification of the closure and reclamation costs with respect to the Company's Madsen Gold Project (Note 16a). The deposits yield interest at a rate of 0.95% per annum and have no maturity date. All deposits are considered long-term, regardless of their term, as the funds will remain on deposit until the letters of credit are extinguished.

12. PROVISION FOR CLOSURE AND RECLAMATION

The Company has recognized a liability relating to its Madsen Gold Project and has determined that no significant closure and reclamation liabilities exist in connection with the exploration activities on its other exploration and evaluation assets. The Company has calculated the present value of the closure and reclamation provision at December 31, 2015 using a pre-tax discount rate of 1.39% (March 31, 2015 – 1.36%). The estimated total future undiscounted and inflation-adjusted cash flows to settle the provision for closure and reclamation at December 31, 2015 is $2,725,958 (March 31, 2015 - $2,900,520). Since no abandonment plans are being considered, as well as the uncertainty surrounding the end of the life of mine, the Company has estimated that payments will be made in 2024.

A portion of the Provision for Closure and Reclamation that relates to mineral rights sold to Premier, with a present value of $117,519, has been derecognized.

(Expressed in Canadian Dollars Unless Noted Otherwise)

12. PROVISION FOR CLOSURE AND RECLAMATION (continued)

	Nine Months Ended December 31, 2015	Year Ended March 31, 2015
Balance, beginning of the period	$ 2,568,480	$ 2,320,238
New estimated cash flows and changes in estimates	(46,688)	197,171
Accretion on discounted obligation	28,264	51,071
Reduction in provision for closure and reclamation for assets divested in the period	(117,519)	-
Balance, end of the period	**$ 2,432,537**	**$ 2,568,480**

13. EQUITY

a. Share Capital

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

b. Share Purchase Warrants

Details of share purchase warrants issued, exercised, expired and outstanding as at and during the nine months ended December 31, 2015 and the year ended March 31, 2015 are as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding Balance - March 31, 2014	41,332,250	$0.48
Issued during the year ended March 31, 2015	1,449,767	$0.50
Exercised during the year ended March 31, 2015	(1,661,767)	$0.47
Expired during the year ended March 31, 2015	(2,957,000)	$0.30
Outstanding Balance – March 31, 2015 and December 31, 2015	**38,163,250**	**$0.50**

At the time of issuance, the 38,163,250 outstanding share purchase warrants noted above had a deemed fair value of $2,721,495. This amount has been included in equity reserves in the Company's consolidated statement of financial position at December 31, 2015.

c. Stock Options

The Company has established a share purchase option plan (the "Stock Option Plan") whereby the board of directors may, from time to time, grant options to directors, officers, employees, consultants or management company employees (Note 14). Options granted must be exercised no later than five years from the date of grant or such lesser or greater period as may be determined by the Company's board of directors and in accordance with the policies of the TSX-V. The exercise price of an option must be determined by the board of directors and in accordance with the Plan and the policies of the TSX-V. Subject to the policies of the TSX-V, the board of directors may determine the time during which options shall vest and the method of vesting, or that no vesting restriction shall exist. The Company applies the fair value based method of accounting for stock options granted to officers, directors, employees and non-employees.

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13. EQUITY (continued)

Nine months ended December 31, 2015

December 2015

On December 3, 2015, the Company granted incentive stock options to certain employees exercisable to purchase up to 100,000 common shares in the capital of the Company until December 3, 2020 at an exercise price of $0.11 per share. The incentive stock options were granted in accordance with the Company's Stock Option Plan and are subject to vesting provisions whereby 33,333 options will vest one year from the grant date, 33,333 options will vest two years from the grant date and the remaining 33,334 will vest three years from the grant date.

The fair value of these options at issuance was $7,072, of which $332 has been recognized as share-based compensation expense during the nine months ended December 31, 2015. The corresponding share-based compensation expense has a weighted average fair value of $0.07 per option and was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Assumptions	
Risk-free interest rate	0.97%
Expected stock price volatility	80.88%
Expected dividend yield and forfeiture rate	0.00%
Expected life of options	5 years

On December 11, 2015, the Company granted incentive stock options to its directors, employees and consultants exercisable to purchase up to 3,380,000 common shares in the capital of the Company until December 11, 2020 at an exercise price of $0.11 per share. The incentive stock options were granted in accordance with the Company's Stock Option Plan and, other than those options granted to non-executive directors, are subject to vesting provisions whereby 576,666 options will vest one year from the grant date, 576,667 options will vest two years from the grant date and the remaining 576,667 will vest three years from the grant date. The 1,650,000 options granted to non-executive directors vested immediately.

The fair value of these options at issuance was $237,780, of which $120,151 has been recognized as share-based compensation expense during the nine months ended December 31, 2015. The corresponding share-based compensation expense has a weighted average fair value of $0.07 per option and was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Assumptions	
Risk-free interest rate	0.74%
Expected stock price volatility	80.65%
Expected dividend yield and forfeiture rate	0.00%
Expected life of options	5 years

Exercises and Expiry of Stock Options during the Nine Months Ended December 31, 2015

During the nine month period ended December 31, 2015, 75,000 incentive stock options which were granted in 2013 and which had a strike price of $0.20 expired without exercise. These options had fully vested prior to expiry.

There were no options exercised during this period.

(Expressed in Canadian Dollars Unless Noted Otherwise)

13. EQUITY (continued)

Year ended March 31, 2015

April 2014

On April 7, 2014, the Company granted incentive stock options to its directors, employees and consultants exercisable to purchase up to 4,380,000 common shares in the capital of the Company until April 8, 2019 at an exercise price of $0.35 per share. The incentive stock options were granted in accordance with the Company's Stock Option Plan and, other than those options granted to non-executive directors, are subject to vesting provisions whereby 793,333 options will vest one year from the grant date, 793,333 options will vest two years from the grant date and the remaining 793,334 will vest three years from the grant date. The 2,000,000 options granted to non-executive directors vested immediately.

The fair value of these options at issuance was $1,131,481, of which $127,319 has been recognized as share-based compensation expense during the nine months ended December 31, 2015 (December 31, 2014 - $790,817). The corresponding share-based compensation expense has a weighted average fair value of $0.26 per option and was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Assumptions	
Risk-free interest rate	1.73%
Expected stock price volatility	97.93%
Expected dividend yield and forfeiture rate	0.00%
Expected life of options	5 years

During the nine month period ended December 31, 2015, 150,000 incentive stock options with a strike price of $0.35 relating to the above noted grant were forfeited. As a result of the forfeiture, the $127,319 recognized as share-based compensation expense was offset by $16,788 due to a reversal of previously recognized share-based compensation expense relating to unvested options.

May 2014

On May 13, 2014, the Company granted incentive stock options to an officer and an employee exercisable to purchase up to 300,000 common shares in the capital of the Company until May 13, 2019 at an exercise price of $0.32 per share. The incentive stock options were granted in accordance with the Company's Stock Option Plan and are subject to vesting provisions whereby 100,000 options will vest one year from the grant date, 100,000 options will vest two years from the grant date and the remaining 100,000 will vest three years from the grant date.

The fair value of these options at issuance was $70,373, of which $12,462 has been recognized as share-based compensation expense during the nine months ended December 31, 2015 (December 31, 2014 - $27,327). The corresponding share-based compensation expense has a weighted average fair value of $0.23 per option and was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Assumptions	
Risk-free interest rate	1.62%
Expected stock price volatility	97.02%
Expected dividend yield and forfeiture rate	0.00%
Expected life of options	5 years

During the nine month period ended December 31, 2015, 150,000 incentive stock options with a strike price of $0.32 relating to the above noted grant were forfeited. As a result of the forfeiture, the $12,462

(Expressed in Canadian Dollars Unless Noted Otherwise)

13. EQUITY (continued)

recognized as share-based compensation expense was offset by $11,098 due to a reversal of previously recognized share-based compensation expense relating to unvested options.

February 2015

On February 10, 2015, the Company granted incentive stock options to an employee exercisable to purchase up to 200,000 common shares in the capital of the Company until February 10, 2020 at an exercise price of $0.35 per share. The incentive stock options were granted in accordance with the Company's Stock Option Plan and are subject to vesting provisions whereby 66,667 options will vest one year from the grant date, 66,667 options will vest two years from the grant date and the remaining 66,666 will vest three years from the grant date.

The fair value of these options at issuance was $37,384, of which $17,135 has been recognized as share-based compensation expense during the nine months ended December 31, 2015 (December 31, 2014 - $Nil). The corresponding share-based compensation expense has a weighted average fair value of $0.19 per option and was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Assumptions	
Risk-free interest rate	0.73%
Expected stock price volatility	92.04%
Expected dividend yield and forfeiture rate	0.00%
Expected life of options	5 years

March 2015

On March 19, 2015, the Company granted incentive stock options to its employees exercisable to purchase up to 950,000 common shares in the capital of the Company until March 19, 2020 at an exercise price of $0.28 per share. The incentive stock options were granted in accordance with the Company's Stock Option Plan and are subject to vesting provisions whereby 316,667 options will vest one year from the grant date, 316,667 options will vest two years from the grant date and the remaining 316,666 will vest three years from the grant date.

The fair value of these options at issuance was $161,918, of which $70,306 has been recognized as share-based compensation expense during the nine months ended December 31, 2015 (December 31, 2014 - $Nil). The corresponding share-based compensation expense has a weighted average fair value of $0.17 per option and was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Assumptions	
Risk-free interest rate	0.74%
Expected stock price volatility	91.48%
Expected dividend yield and forfeiture rate	0.00%
Expected life of options	5 years

During the nine month period ended December 31, 2015, 100,000 incentive stock options with a strike price of $0.28 relating to the above noted grant were forfeited. As a result of the forfeiture, the $70,306 recognized as share-based compensation expense was offset by $4,248 due to a reversal of previously recognized share-based compensation expense relating to unvested options.

(Expressed in Canadian Dollars Unless Noted Otherwise)

13. EQUITY (continued)

Exercises and Expiry of Stock Options during the Year Ended March 31, 2015

During the year ended March 31, 2015, 75,000 incentive stock options with a strike price of $0.20 were exercised for total proceeds of $15,000. The weighted average trading price for stock options exercised during the year was $0.45. In connection with this option exercise, the related fair value amount of $69,854 was transferred from equity reserves to share capital.

During the year ended March 31, 2015, 172,500 incentive stock options with a strike price of $0.20 expired without exercise. These options had fully vested prior to expiry.

Details of stock options granted, exercised, expired and forfeited during the nine months ended December 31, 2015 and the year ended March 31, 2015 are as follows:

	Number of Options	Weighted Average Exercise Price
Balance – March 31, 2014	532,500	$0.20
Granted during the period	5,830,000	$0.34
Exercised during the period	(75,000)	$0.20
Expired during the period	(172,500)	$0.20
Balance – March 31, 2015	6,115,000	$0.33
Granted during the period	3,480,000	$0.11
Expired during the period	(75,000)	$0.20
Forfeited during the period	(400,000)	$0.32
Balance – December 31, 2015	**9,120,000**	**$0.25**

At December 31, 2015, the following options are outstanding and exercisable:

Expiry Date	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Remaining in Years	Number of Options Exercisable
January 21, 2016	$0.20	10,000	0.06	10,000
March 11, 2016	$0.20	50,000	0.19	50,000
February 25, 2018	$0.20	150,000	2.16	150,000
April 8, 2019	$0.35	4,230,000	3.27	2,760,000
May 13, 2019	$0.32	150,000	3.37	50,000
February 10, 2020	$0.35	200,000	4.12	-
March 19, 2020	$0.28	850,000	4.22	-
December 3, 2020	$0.11	100,000	4.93	-
December 11, 2020	$0.11	3,380,000	4.95	1,650,000
	$0.25	**9,120,000**	**3.98**	**4,670,000**

(Expressed in Canadian Dollars Unless Noted Otherwise)

13. EQUITY (continued)

d. Compensation Options

Details of issued and outstanding compensation options are as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance - March 31, 2014	4,142,190	$0.25
Exercised during the year ended March 31, 2015	(2,899,533)	$0.25
Balance – March 31, 2015 and December 31, 2015	**1,242,657**	**$0.25**

The above mentioned compensation options are exercisable for a period of 24 months from the date of issuance (March 4, 2014) and have a strike price of $0.25. Upon exercise, the holder is entitled to one common share of the Company and one-half common share purchase warrant. Each whole warrant entitles the holder to subscribe for one additional common share at a price of $0.50, with such warrants expiring 24 months from initial issuance of the compensation option.

14. RELATED PARTY TRANSACTIONS

Oxygen Capital Corp (“Oxygen”).

Oxygen is a private company partially owned by one director and one officer of the Company. Oxygen provides technical and administrative services to the Company (the “Oxygen Agreement”) at cost, including providing some staffing who are seconded to the Company, office facilities and other administrative functions. There is no mark-up on the services provided by Oxygen. As at December 31, 2015, Oxygen holds a refundable deposit of $156,000 (March 31, 2015 - $156,000) on behalf of the Company. During the nine months ended December 31, 2015, a total of $701,465 (December 31, 2014 - $619,381) was paid or accrued to Oxygen as a reimbursement of costs incurred by Oxygen on behalf of the Company. As at December 31, 2015, the Company has a payable amount to Oxygen of $88,510 (March 31, 2015 - $84,157). This amount was paid subsequent to December 31, 2015.

Compensation of key management personnel

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

	Nine Months Ended December 31, 2015	Nine Months Ended December 31, 2014
Salaries and other short-term employee benefits	$ 440,558	$ 409,856
Directors fees	120,000	120,000
Share-based compensation	246,138	726,293
Total	**$ 806,696**	**$ 1,256,149**

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15. SEGMENTED INFORMATION

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

16. COMMITMENTS & CONTINGENCIES

a. The Company is required to provide financial assurance to the Ministry of Northern Development and Mines in Ontario (the "Ministry"), in connection with the mine closure plans for its Madsen Gold Project. The financial assurance can be provided for in the form of cash or a letter of credit from a financial institution and will grant the Company partial indemnification of the closure and reclamation costs with respect to its Madsen Gold Project. The Ministry has accepted a financial assurance payment schedule and the Company made the remaining final payment of $339,763 on January 8, 2016 (Note 11).

b. The Company's operating lease with respect to its head office premises is paid by Oxygen pursuant to the Oxygen Agreement. The Oxygen Agreement may be terminated by either party giving at least 180 days' prior written notice of such termination. Upon termination, by the Company, of the Oxygen Agreement, the Company shall pay to Oxygen an amount equal to the average monthly costs incurred under the Oxygen Agreement for the previous six month period, plus any employee termination fees due under the Oxygen Agreement as a result of the termination as such term is defined under the Oxygen Agreement.

c. Pursuant to a rental lease agreement dated February 29, 2012, the Company is committed to pay rent for office space in Winnipeg, Canada. The lease expires on June 30, 2017. On November 14, 2012, the Company sub-leased this site office to a third party for the same rental cost. The third party is bound by all the covenants, terms and conditions of the original rental lease agreement. The Company has also committed to certain operating leases for two vehicles to be used on-site at its Madsen Gold Project in Red Lake, Ontario.

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

	GMC Sierra 2500 HD	GMC Sierra 2500 HD	Winnipeg Office Lease
2016	$ 9,606	$ 11,422	$ 39,389
2017	9,606	11,422	16,613
2018	4,803	5,711	-
Total	**$ 24,015**	**$ 28,555**	**$ 56,002**

d. As at December 31, 2015, the Company is committed to incur, on a best efforts basis, qualifying resource expenditures pursuant to a private placement for which flow-through proceeds have been received. As at December 31, 2015, the Company had incurred qualifying resource expenditures of $2,907,742. The Company must therefore incur the $1,935,025 balance of qualifying resource expenditures before January 1, 2017.

If the Company does not spend these funds in compliance with the Government of Canada flow-through regulations, it may be subject to litigation from various counterparties. The Company intends to fulfill its flow-through commitments within the given time constraints.

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17. SUPPLEMENTAL CASH FLOW INFORMATION

Non-Cash Investing and Financing Activities		Nine Months Ended December 31, 2015		Nine Months Ended December 31, 2014
Fair value of shares received on partial disposal of exploration and evaluation asset	$	(2,654,561)	$	-
Obligation for payment to be made to Premier	$	55,968	$	-
Change in estimate of provision for closure and reclamation	$	46,688	$	(113,424)
Unrealized loss on available for sale investment	$	10,017	$	-
Fair value of shares issued for exploration and evaluation assets	$	-	$	2,730,000
Fair value of exercised compensation options	$	-	$	146,345
Fair value of exercised warrants	$	-	$	107,301
Fair value of exercised stock options	$	-	$	69,854

18. FINANCIAL INSTRUMENTS

a. Financial Assets and Liabilities

At December 31, 2015, the carrying amounts of cash, short-term investments, amounts receivable, interest receivable, available for sale investments, deposits, reclamation deposits, accounts payable and accrued liabilities, and other provisions are considered to be a reasonable approximation of their fair values.

The Company's equity investment in Premier is designated as available for sale and is held at fair value, as determined by the closing price of Premier's shares as at the date of the condensed interim consolidated statement of financial position. Any unrealized gains or losses on available for sale assets are recognized in OCI. Premier is a publicly-listed company and the fair value is based on the trading price of its shares as at the date of the condensed interim consolidated statement of financial position. During the nine month period ended December 31, 2015, the Company recorded an unrealized loss of $10,017 in OCI related to its investment in Premier.

b. Fair Value

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

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

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

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

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18. FINANCIAL INSTRUMENTS (continued)

At December 31, 2015, the levels in the fair value hierarchy that the Company's financial assets and liabilities which are measured and recognized on a recurring basis were categorized as follows:

	Nine Months Ended December 31, 2015	Year Ended March 31, 2015
	Level 1	Level 1
Available for sale investment in Premier	$ 2,644,544	$ -

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

19. MANAGEMENT OF CAPITAL

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

20. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial instrument related risks. The Board approves and monitors the risk management processes, inclusive of documented treasury policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is explained as follows:

<u>Credit Risk</u>

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash, restricted cash, short-term investments and amounts receivable. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the maximum exposure to credit risk.

The Company deposits its cash and short-term investments with high credit quality major Canadian financial institutions as determined by ratings agencies. The Company does not invest in asset-backed deposits or investments and does not expect any credit losses. To reduce credit risk, the Company regularly reviews the collectability of its amounts receivable and establishes an allowance based on its best estimate of potentially uncollectible amounts. The Company historically has not had difficulty collecting its amounts receivable.

<u>Liquidity Risk</u>

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company attempts to manage liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure

20. FINANCIAL RISK MANAGEMENT (continued)

that there is sufficient capital in order to meet short-term obligations. At December 31, 2015, the Company had cash of $4,633,463 (March 31, 2015 - $5,006,937) and short-term investments of $23,000 (March 31, 2015 - $1,523,000) to settle current liabilities of $1,942,888 (March 31, 2015 - $1,787,173). As at December 31, 2015, the Company is committed to incur, on a best efforts basis, $1,935,025 in qualifying resource expenditures.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash and short-term investments include deposits which are at variable interest rates. For the nine months ended December 31, 2015, a plus or minus 0.5% change in market interest rates would affect the Company's interest earned on cash and short-term investments by approximately $18,000.

Fair Value Estimation

Other than the Company's investment in Premier, which is measured on a recurring basis, the carrying value of the Company's financial assets and liabilities approximates their estimated fair value.

21. SUBSEQUENT EVENTS

a) On January 21, 2016, 10,000 stock options with a strike price of $0.20 expired without exercise.

b) A total of 75,000 stock options with an exercise price of $0.16 were granted to a consultant on February 18, 2016. 37,500 options will vest six months from the date of grant, and the remaining 37,500 will vest one year from the date of grant.