



**Pure Gold Mining Inc.**

Annual Information Form  
for the fiscal year ended March 31, 2015

Dated June 4, 2015

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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Except for statements of historical fact, information contained, or incorporated by reference, herein constitutes "forward-looking information" and "forward-looking statements" within the meaning of applicable securities laws. Such forward-looking information and forward-looking statements includes, but is not limited to, statements or information concerning the future financial or operating performance of Pure Gold Mining Inc. ("**Pure Gold**" or the "**Corporation**") and its business, operations, properties and condition, the future prices of gold, silver, and other metals, resource potential, quantity and/or grade of minerals, potential size of a mineralized zone, potential expansion of mineralization, the timing and results of future resource estimates and exploration programs, the timing of other exploration and development plans at Pure Gold's mineral project interests, the timing and amount of estimated potential future production, and illustrative costs of production and mine lives of the Corporation's various mineral projects. 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", 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. Statements relating to mineral resources are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the mineral resources described exist in the quantities predicted or estimated or that it will be commercially viable to produce any portion of such resources. Forward-looking statements and forward-looking information are not guarantees of future performance and are based upon a number of estimates and assumptions of management at the date the statements are made, including among other things, assumptions about future prices of gold, silver and other metals, changes in the worldwide price of other commodities such as fuel and electricity, fluctuations in resource prices, currency exchange rates and interest rates, favourable operating conditions, political stability, obtaining governmental approvals and financing on time, obtaining required licences and permits and renewals thereof, labour stability, stability in market conditions, availability of equipment, accuracy of mineral resource estimates, anticipated costs of administration and exploration expenditures at the Madsen Gold Project and our ability to achieve our goals. Many of these 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.

Such forward-looking information, including, but not limited to, statements that address resource potential, including the potential quantity and/or grade of minerals, or the potential size of a mineralized zone; potential expansion of mineralization; the timing and results of future resource estimates; proposed timing of exploration and development plans at the Corporation's mineral projects; and the estimation of mineral resources involve 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.

Such factors include, among others: the interpretation and actual results of historical production at certain of the Corporation's exploration property interests, as well as specific historic data associated with, and drill results from, those properties, and the reliance on technical information provided by other third parties, the timing and amount of estimated capital, operating and exploration expenditures, costs and timing of the development of deposits and of future exploration, acquisition and development activities, estimated exploration budgets and timing of expenditures and community relations activities, requirements for additional capital, Pure Gold's ability to fully fund obligations under property acquisition agreements to which the Corporation is a party, government regulation of mining operations and changes in government legislation and regulation, environmental risks and reclamation expenses, title disputes, the ability to obtain, maintain or renew the underlying licences and permits for the Madsen Gold Project in accordance with the requirements of applicable mining, environmental and other laws in Canada; satisfaction of requirements relating to the submissions and successful defence of environmental impact statements; successful defence against existing, pending or threatened litigation or other proceedings; limitations of insurance coverage; future issuances of common shares in the capital of the Corporation ("**Common Shares**") to satisfy earn-in obligations or the acquisition of exploration properties; the timing and possible outcome of regulatory and permitting matters; and those general business, economic, competitive, political, regulatory and social uncertainties, disruptions or changes in the credit or securities markets and market fluctuations in prices for Pure Gold's securities that may occur outside of management's control.

Other factors which may cause the actual results, performance or achievement of Pure Gold to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information include: judgement of management when exercising discretion in their use of proceeds from offerings of securities; potential dilution of Common Share voting power or earnings per share as a result of the exercise of share purchase warrants, options or any other convertible securities of the Corporation, future financings or future acquisitions financed by the issuance of equity; discrepancies between actual and estimated mineral resources; changes in project parameters as plans continue to be refined; changes in labour costs or other costs of exploration and development; possible variations of mineral grade or recovery rates; failure of equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry, including but not limited to environmental risks and hazards, pitwall failures, flooding, rock bursts and other acts of God, or natural disasters or unfavourable operating conditions and losses; political instability, hostilities, insurrection or acts of war or terrorism; the speculative nature of mineral exploration and development, including the risk of diminishing quantities or grades of mineralization; fluctuations in commodity prices; requirements for future funding to satisfy contractual obligations and additional capital needs generally; changes or disruptions in market conditions; market price volatility; increased infrastructure and/or operating costs; reclamation costs; reliance on a limited number of properties to drive success of the Corporation; limits of insurance coverage and uninsurable risk; contests over title to properties; environmental risks and hazards; regulation of crown land in Ontario; limitations on the use of community water sources; competitive conditions in mineral exploration and mining businesses; the ability of the Corporation to retain its key management employees and shortages of skilled personnel and contractors; potential acquisitions and their integration with the Corporation's current business; influence of third party stakeholders; risks of litigation; the Corporation's

designation as a “passive foreign investment company”; the adequacy of the Corporation’s system of internal controls; conflicts of interest; credit and/or liquidity risks; fluctuations in the value of Canadian and United States dollars relative to each other; changes to the Corporation’s dividend policy; and the risks involved in the exploration, development and mining business in general. Although the Corporation has attempted to identify important factors that could cause actual performance, achievements, actions, events, results or conditions to differ materially from those described in forward-looking statements or forward-looking information, there may be other factors that cause performance, achievements, actions, events, results or conditions to differ from those anticipated, estimated or intended. Further detail relating to many of these factors is 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” and “inferred resources”. 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.

## 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 June 4, 2015, unless otherwise stated.

### Currency

All dollar amounts referenced, unless otherwise indicated, are expressed in Canadian dollars ("**C\$**"), 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 March 31, 2015 (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](http://www.puregoldmining.ca) and on SEDAR at [www.sedar.com](http://www.sedar.com).

### 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 reports that form the basis for the majority of the Technical Information reproduced in this AIF are Qualified Persons.

### **Material Property Interests**

As at June 4, 2015, 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:

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 reports and news releases (collectively the "**Disclosure Documents**") available under Pure Gold's company profile on SEDAR at [www.sedar.com](http://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 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 estimate 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.

Darren O'Brien, P.Geo., Vice President, Exploration, and a Qualified Person, has reviewed and verified the accuracy of the Technical Information in this AIF. Mr. O'Brien 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-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 Company 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).

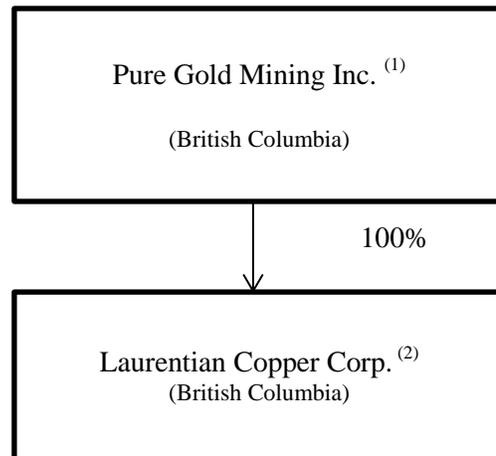
On June 24, 2014, the Corporation filed articles of amendment to change its name to Pure Gold Mining Inc.

The registered records office of the Corporation is c/o McMillan LLP, Suite 1500, PO Box 11117 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 following chart illustrates, as at the date of this AIF, the Corporation's significant subsidiary and strategic alliance, including their respective place of incorporation and the percentage of voting securities (or partnership interests) in each that are held by the Corporation either directly or indirectly:



(1) Owns 100% of the Madsen Gold Project

(2) Formerly held the Corporation's interest in the strategic alliance with Antofagasta Minerals. This alliance was terminated on July 26, 2014.

## GENERAL DEVELOPMENT OF THE BUSINESS

### Three Year History

On July 26, 2012 Pure Gold signed a US\$1,500,000, two year strategic exploration alliance (the "Alliance") with Antofagasta Minerals S.A., a wholly owned subsidiary of Antofagasta plc for generative copper exploration in southern Quebec, Canada. The Alliance was formed to utilize Pure Gold's extensive technical and exploration expertise as a project generator to identify copper properties for acquisition in specific target areas of Quebec. Exploration work was guided through the establishment of a joint Technical Committee with Pure Gold acting as Operator.

On July 26, 2014, the Alliance was terminated as no projects were identified through the generative exploration work within the Alliance's two year time frame.

On November 19, 2012, Pure Gold's shareholders approved a consolidation of the Corporation's issued and outstanding Common Shares at a ratio of ten (10) to one (1).

On January 9, 2013 Pure Gold closed a non-brokered private placement of 2,662,000 Units priced at \$0.20 per Unit, for aggregate gross proceeds of \$532,400. Each "Unit" consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company for up to 24 months at a price of \$0.30 per share expiring January 7, 2015. The warrants were subject to an accelerated expiry date, which comes into effect when the trading price of the Common Shares closes at or above \$0.50 per share for twenty consecutive trading days in the period commencing four months after January 7, 2013.

On March 20, 2013, Pure Gold closed a further non-brokered private placement of \$100,000 through the issuance of 500,000 units at a price of \$0.20 per unit.

Each unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable to purchase one common share at a price of \$0.30 per share for a period of two years after the date of issuance. The warrants were subject to an accelerated expiry date, which comes into effect when the trading price of the Common Shares closes at or above \$0.50 per share for twenty consecutive trading days in the period commencing four months after the date of issuance.

On March 4, 2014, Pure Gold closed a private placement for total gross proceeds of approximately C\$18.6 million (the "Offering") and completed the purchase of the Madsen Gold Project (the "Madsen Acquisition") from Claude Resources Inc. ("Claude").

The Offering consisted of the issuance of 74,326,500 units at a price of C\$0.25 per unit, with each unit comprised of one Common Share and one-half of one common share purchase warrant. Each whole warrant shall entitle its holder to subscribe for one common share during a period of 30 months following the date of its issuance, at a price of C\$0.50. In connection with this private placement, the Company paid finder's fees, legal fees and filing fees totalling \$1,366,194 and issued 4,142,191 compensation options ("Compensation Options"). Each Compensation Option is exercisable for a period of 24 months from issuance and has a strike price of \$0.25. Upon exercise, the holder is entitled to one Common Share of the Company and one-half of a 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.

The Madsen Acquisition was contingent upon the Corporation completing the Offering. The initial purchase price for the Madsen Gold Project consisted of C\$6.25 million in cash, paid from the net proceeds of the Offering, and the issuance to Claude of 9,776,885 Common Shares, representing approximately 10.1% of Pure Gold's issued and outstanding shares at closing. In addition Claude received cash consideration of \$2.5 million payable within six months following closing of the transaction. The agreement represented a shift of the Corporation's focus to the exploration of the Madsen trend in the Red Lake mining district of Ontario.

On June 24, 2014, Pure Gold acquired a 100% interest in the Newman-Madsen gold property ("Newman-Madsen") from Sabina Gold & Silver Corp. ("Sabina"). Pursuant to the transaction, the Corporation issued 6.5 million Common Shares to Sabina, which are subject to a statutory four month hold period immediately following closing, Sabina held a 6.3% interest in the Company. In addition, Sabina was granted the Sabina Participation Right as further described below under Risk Factors - "Anti-Dilution Participation Rights".

Upon completion of the acquisition, the Newman-Madsen property was incorporated into the Madsen Gold Project, comprising of one contiguous land package in excess of 5,000 hectares providing exposure to numerous additional exploration targets.

In connection with the transaction, Mr. Robert Pease, then President & CEO of Sabina, was appointed to the Corporation's Board of Directors.

On February 20, 2015, Pure Gold announced that it closed a bought-deal private placement (the "2015 Offering").

Pursuant to the 2015 Offering, Pure Gold issued a total of 13,836,478 flow-through common shares (the "Flow-Through Shares") and 3,187,143 common shares (the "Common Shares") at a price of C\$0.35 per Flow-Through Share and C\$0.28 per Common Share, for aggregate gross proceeds to Pure Gold of C\$5,735,167. This included the partial exercise of an Underwriters' Option of 979,335 Flow-Through Shares and 330,000 Common Shares at a price of C\$0.35 per Flow-Through Share and C\$0.28 per Common Share.

The proceeds raised from the sale of the Common Shares will be used by the Corporation for exploration and development of the Corporation's Madsen Gold Project, as well as for working capital and for general corporate purposes. The proceeds raised from the sale of the Flow-Through Shares will be used by the Corporation to finance qualified Canadian exploration expenditures at its Madsen Gold Project. The Flow-Through Shares and Common Shares are subject to a hold period in Canada that expires on June 21, 2015.

Other than the exploration work conducted by the Corporation on the Madsen Gold Project, the Corporation has no plans to explore any other assets in its mineral properties portfolio.

#### **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 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 March 31, 2015 that would require the Corporation to file a Form 51-102F4 *Business Acquisition Report* under Part 8 of National Instrument 51-102 *Continuous Disclosure Obligations* ("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 strong grades, meaningful size and access to existing infrastructure, in Canada.

The Corporation's objective is to become a leading gold-focused exploration company. Pure Gold's technical and management teams are currently focused on discovering new mineralization and advancing the Madsen Gold Project, a highly prospective, high grade

gold project located in Red Lake, Ontario, Canada. The Madsen Gold Project is the Corporation's only material property.

### **The Red Lake, Ontario, Gold Camp**

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 production and remaining proven resources are more than 30 million ounces of gold. Initial gold production occurred at the Howey Mine in 1930, and two mines (Campbell and Red Lake, collectively the Red Lake Gold Complex, with active development projects including the Cochenour mine and Rubicon's Phoenix Mine) remain in operation today.

As a result of the proven potential of this gold 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 and explore the district. Active major companies in Red Lake include Goldcorp, Premier Gold and Rubicon. In addition, there are many junior exploration companies actively exploring the camp.

The Red Lake gold district is situated in the Red Lake greenstone belt, an Archaean series 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 ultramafic mafic to felsic volcanics and sediments. Regionally, the belt exhibits a system of five northeast and northwest-trending deformation zones with associated hydrothermal alteration. All of the key producers in the district are located close to a regional mafic volcanic-sediment contact or 'break' - which for years may have been overlooked as 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.

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 June 4, 2015, the Corporation and its subsidiaries had 11 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 8 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.

Pure Gold has established a Health, Safety and Sustainability Committee of the Board that plans to meet at least twice annually to review the Corporation's performance and compliance as related to such matters. Pure Gold has also adopted a Health, Safety and Sustainability Charter, and has communicated the importance of working in a safe and secure working environment to all employees and significant contractors. Pure Gold has also adopted a Health, Safety and Sustainability Policy to frame decisions of the Corporation's employees and contractors.

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 and development properties at which the Corporation is the operator through the twelve-months ended March 31, 2015.

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 March 31, 2015 was \$2.6 million. The reclamation obligation relates to historical disturbance from past mining activities on the Project.

Many of 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 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 with community members,

to solicit and respond to feedback and concerns raised from concerned citizens. Pure Gold will also host property tours for interested members of the community. On a regular basis, the Corporation will:

- Provide information and regular updates to community groups and the general public regarding all exploration activities for the Project;
- Undertake exploration in a safe manner, and assess the 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, employing 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 a number of risks that may have a material and adverse impact on the future operating and financial performance of Pure Gold and could cause the Corporation's operating and financial performance to differ materially from the estimates described in forward-looking statements related to the Corporation.**

**These risks and uncertainties are not the only ones facing the Corporation. 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.**

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.**

Additional risks and uncertainties not presently known to Pure Gold or those that are currently deemed immaterial may also impair the Corporation's business operations. If any such risks actually occur, the business, financial condition and operating results of the Corporation could be materially harmed. All references to "Pure Gold" or the "Corporation" in this section entitled "*Risk Factors*" include Pure Gold and its subsidiaries and 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 herein, as well as the other information contained in the Corporation's public filings and should seek independent financial advice.

## **Exploration, Development and Operating Risks and Risks Associated with the Early Stage Status of the Corporation's Mineral Property and the Nature of Exploration**

The Corporation's mineral property interest is of high risk, and is considered to be speculative in nature. There is no certainty that the expenditures made by the Corporation towards the search for and evaluation of gold or other minerals with regard to its mineral property interest, or otherwise, will result in discoveries of commercial quantities of gold or other minerals. Where expenditures on a property have not led to the discovery of mineral reserves, such incurred expenditures will generally not be recoverable. Furthermore, the exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate or even mitigate. While the discovery of a mineral-bearing structure may result in an increase in value for shareholders, few properties which are explored are ultimately developed into producing mines. Substantial expenditures are required to locate and establish mineral reserves through drilling, for development of metallurgical processes to extract the metal from the ore, and in the case of new properties, for construction of the mining and processing facilities and infrastructure at any site chosen for mining.

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 gold or other precious or base metal or 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.

In the exploration and development phases of a project, no absolute assurance can be given that any particular level of recovery of minerals will be realized or that any potential quantities and/or grade will ever qualify as a resource, or that any such resource will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited. In addition, if production is commenced, mineral reserves are finite and there can be no assurance that the Corporation will be able to locate additional reserves as its existing reserves are depleted.

Although as described in this AIF, there is an initial resource estimate defined for the Madsen Gold Project, the term "Reserve" cannot be used to describe Pure Gold's mineral property interest at the Madsen Gold Project due to its early stage of exploration at this time. Quantities and/or grade described in this AIF and elsewhere in the Corporation's public disclosure record for targets at the Madsen Gold Project, should not be interpreted as assurances of a potential resource or reserve, or of potential future mine life or of the profitability of future operations. The Corporation notes that mineral resources that are not mineral reserves do not have demonstrated economic viability. Mineral resource estimates may or may not account for mineability, selectivity, mining loss and dilution. These mineral resource estimates include inferred mineral resources that are normally considered too speculative geologically to have economic considerations applied to them that would enable

them to be categorized as mineral reserves. There is also no certainty that inferred mineral resources will be converted to measured and indicated categories through further drilling, or into mineral reserves, once economic considerations are applied.

Even in the event of the successful completion by the Corporation of those programs underway on the individual Material Property (see “*Mineral Properties*”, in this AIF), there is no assurance that the results of such exploration will warrant undertaking, or result in, the completion of further exploration programmes or activities. In such circumstances, the Corporation may be required to reallocate its resources and focus its operations on other mineral properties. There can be no assurance that any such additional mineral properties will be available for acquisition by the Corporation or that, if available, the terms of acquisition will be favourable to the Corporation.

In general, mining operations involve a high degree of risk. The Corporation’s operations are subject to all the hazards and risks normally encountered in the exploration, development and production of gold, precious metals and other minerals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability.

#### **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.

### **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 cannot be certain that it 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 failure to obtain such permits or licences, or delays in obtaining such permits or licences, could increase the Corporation's costs and delay its activities, and could adversely affect the properties, business or operations of the Corporation.

### **First Nations Peoples**

Various national and provincial laws, codes, resolutions, conventions, guidelines, and other materials relate to the rights of First Nations or Aboriginal peoples. Pure Gold operates in an area presently or previously inhabited or used by First Nations peoples. Many of these materials impose obligations on government to respect the rights of indigenous people. Some mandate that government consult with First Nations 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 First Nations 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 First Nations 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 First Nations 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 First Nations 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.

Although Pure Gold currently has all required exploration permits for its Madsen Gold Project, 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.

### **Government Regulation**

In addition to Permitting and License Risks, the mineral exploration activities (as well as the potential for eventual 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 approvals, approval of aboriginal 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.

### **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 Aboriginal communities. Some provisions came into effect in 2009, while other changes are being phased in over the next four years as relevant details are developed in new or amended regulations and policies.

The amendments add significant new requirements regarding Aboriginal consultation and dispute resolution and the protection of sites of Aboriginal 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 March 31, 2015, Pure Gold has agreed to provide the appropriate regulatory authorities with \$2.43 million in financial assurance in the form of cash deposits for its reclamation obligations at the Madsen Gold Project. 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. There can be no guarantee that Pure Gold will have sufficient capital resources to further supplement its existing security.

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. 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.

### **Current Global Financial Condition**

Market events and conditions, including the disruptions in the international credit markets and other financial systems, the deterioration of global economic conditions in 2008 and 2009 and, more recently, in Europe, along with political instability in the Middle East

and budget deficits and debt levels in the United States, have caused significant volatility to commodity prices. These conditions have also caused a loss of confidence in the broader United States, European and global credit and financial markets and resulting in the collapse of, and government intervention in, major banks, financial institutions and insurers and creating a climate of greater volatility, less liquidity, widening credit spreads, less price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. These events are illustrative of the effect that events beyond Pure Gold's control may have on commodity prices, demand for metals, including gold, silver, copper, availability of credit, investor confidence, and general financial market liquidity, all of which may affect the Corporation's business.

### **The Corporation Has No Known Reserves and No Economic Reserves May Exist on the Corporation's Properties, Which Could Have a Negative Effect on the Corporation's Operations and Valuation**

Despite exploration work on the Corporation's mineral property interests, no mineral reserves have been established thereon. In addition, the Corporation is still engaged in exploration on all of its properties in order to determine if any 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.

There is currently no certainty that a preliminary economic assessment will be realized at the Madsen Gold Project.

The Corporation is an exploration and development stage company with no history of pre-tax profit and no income from its operations. There can be no assurance that the Corporation's operations will be profitable in the future. There is no certainty that the expenditures to be made by the Corporation in the exploration and development of its properties will result in discoveries of mineralized material in commercial quantities. Most exploration projects do not result in the discovery of commercially mineable deposits and no assurance can be given that any particular level of recovery of mineral reserves will in fact be realized or that any identified mineral deposit will ever qualify as a commercially mineable (or viable) mineral deposit which can be legally and economically exploited. There can be no assurance that minerals recovered in small scale tests will be duplicated in large scale tests under on-site conditions or in production. If the Corporation is unsuccessful in its

exploration and development efforts, it may be forced to acquire additional projects or cease operations.

### **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 125,719,854 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. The primary source of funding available to the Corporation consists of equity financing. 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 June 4, 2015, there were 6,115,000 Common Shares issuable upon the exercise of outstanding Options at a weighted average exercise price of C\$0.33 per Common Share.

The Corporation has also issued potentially dilutive securities in the form of Common Share purchase warrants. As at June 4, 2015, there were 38,163,250 Common Shares issuable upon the exercise of outstanding Common Share purchase warrants at a weighted average exercise price of C\$0.50 per Common Share.

The Corporation has also issued 1,242,657 potentially dilutive Compensation Options, that if exercised at a price of \$0.25, entitle the holder to one Common share and one-half of a common share purchase warrant, with each whole warrant entitling the holder to acquire one additional Common Share at a price of \$0.50.

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. Further, as discussed elsewhere in this AIF, the Corporation has granted Sabina Gold & Silver Corp. (“**Sabina**”) the right to maintain its current pro rata shareholding of the Corporation. Pure Gold cannot predict the size of future issuances of Common Shares, whether Sabina will exercise its participation rights in an offering of Common Shares, or the effect that future issuances and sales of Common Shares will have on the market price of the Common Shares.

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.

### **Commodity Price Risks**

The price of the Common Shares, the Corporation’s financial results and exploration, and 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 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.

### **Major Shareholder with greater than 10% Holding**

AngloGold Ashanti International Exploration Holdings Limited (“**AngloGold**”) owns in excess of 10% of the Common shares of the Corporation. AngloGold directly holds approximately 12.0% of the Corporation’s issued and outstanding Common Shares and also owns 5,554,750 Common Share purchase warrants that if exercised, in aggregate with its existing shareholding, represents 15.7% 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 12.0% 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 (the “**Additional Pure Gold Securities**”) may have a material impact on the value and trading price of the Common Shares.

### **Anti-Dilution Participation Rights**

Pursuant to the Madsen Gold Project Arrangement, if at any time prior to either Sabina i) holding less than 3.5% of the issued and outstanding Common Shares of the Corporation, or ii) 24 months following the closing of the Newman-Madsen acquisition, the Corporation proposed to issue or sell Additional Pure Gold Securities, other than (i) under any stock option plan of Pure Gold, (ii) on the exercise or conversion of convertible securities, or (iii) for property other than money, Sabina has the right (directly or through an affiliate) (the “**Sabina Participation Right**”) to subscribe for and purchase (directly or through an affiliate) Additional Pure Gold Securities at the same price and on the same terms at which such Additional Pure Gold Securities were offered for sale to other purchasers, up to its pro rata interest in Pure Gold in each case, prior to giving effect to the issuance or sale of such Additional Pure Gold Securities.

### **Reliance on a Limited Number of Properties**

The only material property interest of the Corporation is the Madsen Gold Project. As a result, unless the Corporation acquires additional property interests, any adverse developments affecting this property could have a material adverse effect upon the Corporation and would materially and adversely affect the potential mineral resource production, profitability, financial performance and results of operations of the Corporation. While the Corporation may seek to acquire additional mineral properties that are consistent with its business objectives, there can be no assurance that the Corporation will be able to identify suitable additional mineral properties or, if it does identify suitable properties, that it will have sufficient financial resources to acquire such properties or that such properties will be available on terms acceptable to the Corporation or at all. See “*Mineral Property*” in this AIF.

### **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 Canadian government. The Corporation remains at risk that the mining claims may be forfeited either to the Canadian 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 to be 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 programs and operations 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 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 and implementation of exploration programs as well as finance and accounting. 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.

### **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. As at June 4, 2015, Pure Gold had committed to spend a further \$3.2 million on qualifying expenditures.

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 is obligated to reimburse the purchasers of Flow Through Common 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 may be classified as a PFIC within the meaning of Section 1291 through 1298 of the US Internal Revenue Code of 1986, as amended. 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. As of the date of this AIF, Pure Gold has not completed the formal calculations to determine whether it is a PFIC.

## **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.

## **Liquidity Risk**

Pure Gold has no debt, and at the date of this AIF, has approximately \$4.7 million in cash and short term deposits primarily held with large Canadian commercial banks. At June 4, 2015, Pure Gold is committed to spending approximately a further \$3.2 million on qualifying exploration expenditures pursuant to a Flow-Through share offering. See Risk of Litigation above for further discussion.

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 June 4, 2015, 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 **Technical Report for the Madsen Gold Project Red Lake, Ontario, Canada**, (the “**Technical Report**”) prepared by SRK Consulting (Canada) Inc., with an effective date of February 18, 2014. Each of Messrs. Lars Weiershauser, PhD, PGeo and Glen Cole, PGeo co-authors on behalf of SRK Consulting (Canada) Inc. is 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](http://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 Person 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 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.

### **Property Description and Agreements**

The Madsen property consists of a contiguous group of 237 patented and leased mining claims covering an aggregate area of 4,193 hectares. All of the 217 patented and 20 leased

mining claims have accompanying surface rights. The outside boundary of the patented claims has been legally surveyed. The claims are divided into nine claim groupings: the Madsen Mine, Starratt-Olsen, Russet, Aiken, Mills, Ava, Buffalo, Killoran and Hager.

The Aiken and Russet patented claims are subject to a two percent net smelter royalty (maximum of C\$2million) in favour of Franco-Nevada Corporation (Franco-Nevada) and Canhorn Mining Corporation. This underlying agreement does not affect the mineral resources stated in this technical report which are located in the Madsen Mine patented claims that are free of any lien.

The tenements comprising the Newman-Madsen property are subject to a number of royalty agreements. All 38 tenements are subject to a royalty agreement with Sandstorm Gold Ltd (Sandstorm) under which Sandstorm is entitled to a 0.5 percent net smelter return. A total of 20 tenements are subject to a royalty agreement with Franco-Nevada; under this agreement Franco-Nevada receives 1.5 percent on the production of the first one million ounces of gold equivalent and two percent on all production thereafter. A further eight tenements are subject to a royalty agreement with My-Ritt Red Lake Gold Mines Ltd. (My-Ritt). Under this agreement My-Ritt has the right to a three percent net smelter return. The remaining ten tenements are subject to a royalty agreement with Camp McMann Red Lake Gold Mine Ltd. (Camp McMann) under which Camp McMann is entitled to a three percent net smelter return.

#### **Location, Access and Physiography**

The Madsen property is located about 10 kilometres south-southwest of Red Lake, approximately 565 kilometres by road northwest of Thunder Bay and approximately 475 kilometres by road east-northeast of Winnipeg, Manitoba.

Average winter temperatures are in the range of -15 degrees centigrade (°C) to -20°C and average summer temperatures are in the range of 15°C to 20°C. Annual precipitation averages 64 centimetres with 47 centimetres of rain and 193 centimetres of snow. The topography within much of the project is mildly to moderately rugged with a maximum relief of 30 metres in the southern part of the Madsen Gold Project.

#### **History**

Since the staking of the first claims on the Madsen area in 1927, the exploration and mining history of the Madsen property can be divided into four major periods:

1. Exploration and mining between 1927 and 1997 by various companies: This period was characterized by production and exploration from various shafts until 1974. Only intermittent exploration continued thereafter until 1997;
2. Exploration and mining between 1998 and 2000 by Claude Resources with limited mining in the McVeigh and Austin Zones from the Madsen shaft;
3. Exploration by Placer Dome Exploration between 2001 and 2006; and
4. Exploration by Claude Resources from 2006 to present.

In 1999, ACA Howe International Limited audited the mineral resources and mineral reserves for the Madsen Mine. This historical resource estimate was prepared before the adoption of National Instrument 43-101 guidelines. A qualified person has not done sufficient work to classify the historical estimate as current mineral resources or reserves; hence, they should not be relied upon. It is superseded by the mineral resources reported herein.

The exploration and mining history of the Newman-Madsen property commenced in 1936. A number of companies have explored the area; however no mining operation was ever established. The majority of the drilling activities focused on an area along strike of the gold mineralization exploited in the Madsen Mine.

### **Geology and Mineralization**

The Madsen Property is located in the Red Lake greenstone belt, one of Canada's preeminent gold producing districts, with over 20 million ounces of gold produced since the 1930s. This greenstone sequence occurs within the Uchi Subprovince of the Superior Province of the Canadian Precambrian Shield.

Geology and gold mineralization are well documented for the Madsen Mine. The Madsen Mine is located on the southeast-facing, southern limb of a large domal structure. The mine is located near the contact of the Balmer assemblage (3,000 to 2,988 million years, Ma), to the northwest and Confederation (2, 736 to 2,742 Ma) assemblage to the southeast. Gold mineralization at Madsen is hosted by three sheared and altered units within the Balmer assemblage (Austin, South Austin and McVeigh "tuffs") striking on average at 030° and dipping between 60° and 70° to the southeast. The McVeigh Zone corresponds to hydrothermally altered and heterogeneously deformed massive and pillowed basalt. The South Austin and Austin Zones are best described as a composite unit of hydrothermally altered and heterogeneously deformed mafic volcanoclastic, epiclastic and local mafic volcanic rocks developed along the unconformity between the Balmer and Confederation assemblages.

At the deposit level, there is a spatial relationship between the auriferous zones and the thickness of the "tuff" units. These so-called "rolls" correspond to F2 folds and shear zones which reduce the width of the tuffs. Gold mineralization is mainly replacement-style disseminated gold (Austin, South Austin and McVeigh zones). Quartz-vein hosted gold mineralization occurs in Zone 8 that is hosted in Balmer assemblage metabasalts. Many barren, northwest striking and shallow to steeply dipping diorite-granodiorite dikes cut through all lithological units, including the gold mineralization.

### **Exploration and Drilling**

Significant exploration and mining work occurred on the Madsen Property since 1927. This work includes surface and underground drilling and underground chip sampling, primarily during the operation of the Madsen Mine. The mineral resources reported herein are based primarily on historical drilling and underground sampling data augmented by recent drilling completed by Claude and Placer Dome since 1999. The complete resource estimation database consists of 13,624 surface and underground core boreholes totalling 816,367 metres. This includes 764 core boreholes drilled by Claude and Placer-Dome since 1999.

Historical holes were drilled along development drifts on all levels of the mine, usually at 25 feet (7.62 metres) spacing. Holes were typically drilled perpendicular to the strike of the gold mineralization along north or south azimuths. Underground boreholes were drilled at a variety of angles and lengths depending on the mining target. Core boreholes located on the Newman-Madsen Property area were not considered for the mineral resources documented in this report.

A significant amount of drilling has occurred elsewhere on the properties; these exploration efforts were successful in identifying a number of gold zones that have not been outlined fully and remain open in all directions.

### **Sampling Method, Approach and Analyses**

There are no records documenting the procedures used to collect historical drill and stope chip samples.

Drilling and mine samples collected during the operation of the Madsen Mine were prepared and assayed at the mine laboratory using undocumented assaying protocols. After 1997, Placer Dome and Claude used industry best practices to collect, handle and analyse drilling samples. Field and assaying procedures used by Placer Dome are incompletely documented. Claude implemented comprehensive quality control measures in the sampling, handling, analyses and verification of exploration data.

Assay samples collected from core by Placer Dome and Claude were submitted to independent ISO accredited laboratories for preparation and assaying. Placer Dome used either XRAL Laboratories in Toronto, Ontario or ALS Chemex Laboratories in Vancouver, British Columbia. Claude sent all their samples to SGS Laboratories in Red Lake, TSL Laboratories in Saskatoon, Saskatchewan, and to Accurassay Laboratories in Thunder Bay, Ontario thereafter. A small number of samples were sent to ALS Chemex Laboratories in Vancouver. All these laboratories are accredited with ISO/IEC Guideline 17025 by the Standards Council of Canada for gold testing. All assay samples were assayed for gold using standard preparation and fire assay procedures from pulverized sub-samples.

Procedures used to collect historical drill samples from the Newman-Madsen property are not documented.

More recent samples collected by Sabina and its precursor company were assayed at Accurassay Laboratories in Thunder Bay, or SGS Laboratories in Red Lake. The latter was accredited with ISO/IEC Guideline 17025 by the Standards Council of Canada for gold testing. All assay samples were assayed for gold using standard preparation and fire assay procedures from pulverized sub-samples.

### **Data Verifications**

In accordance with National Instrument 43-101 guidelines, SRK visited the Madsen Property on three separate occasions between January and August 2009. The main purpose of these site visits was to review the historical database capturing and validation procedures. Other objectives were to define geological modelling procedures, to examine core, audit project technical data and to interview project personnel. In the opinion of SRK, Claude implemented industry best practices in the collection, handling, management and verification of exploration data collected on the Madsen Property. SRK visited the Madsen Property a fourth time on January 27 to 29, 2014 to review exploration efforts that took place after the disclosure of the mineral resource statement on December 7, 2009.

SRK monitored and verified the compilation of historical drilling and sampling of data from the former Madsen Mine. SRK is also of the opinion that Claude used “best efforts” to digitize, verify and validate the large historical sampling and mining records available for the Madsen Mine. Although, by nature, these data are hard to validate, SRK believes that the

historical data are sufficiently reliable for resource evaluation because they are supported by more than 40 years of sustained production.

SRK concludes that the Madsen Mine sampling database compiled and verified by Claude is sufficiently reliable for the purpose of resource estimation. SRK is unable to verify any of the exploration data from the Newman-Madsen property.

### **Mineral Resource Estimation**

The mineral resource statement presented herein is restated from the initial mineral resource evaluation for the Madsen Property and is prepared in conformity with National Instrument 43-101 guidelines. It considers data (to September 27, 2009) from a total of 13,624 boreholes (816,367 metres) drilled between 1936 and 2009 and 4,446 historical underground stope chip samples. The resource estimation work was supervised by Glen Cole, P.Geo, an “independent qualified person” as this term is defined in National Instrument 43-101. The effective date of this mineral resource statement is February 18, 2014.

Mineral resources reported herein only consider gold mineralization in four separate zones of the former Madsen Mine. Other gold zones occurring within the Madsen Property were not considered. In the opinion of SRK, the resource evaluation reported herein is a reasonable representation of the global gold mineral resources found in the Madsen Mine at the available level of data. The mineral resources reported herein have been estimated in conformity with both generally accepted CIM “Estimation of Mineral Resources and Mineral Reserves Best Practice” guidelines. The mineral resource statement is reported in accordance with the Canadian Securities Administrators National Instrument 43-101. Mineral resources are not mineral reserves and do not have demonstrated economic viability. The mineral resources may also be affected by subsequent assessments of mining, environmental, processing, permitting, taxation, socio-economic and other factors. There is no certainty that all or any part of the mineral resources will be converted into a mineral reserve.

Mineral resources were estimated using a conventional geostatistical block modeling approach, with mineral resources constrained to modeled gold mineralization wireframes representing four main areas of gold mineralization (Austin, South Austin, McVeigh and Zone 8).. The database for Austin, South Austin and McVeigh Zones includes only historical drillhole data from 13,617 core boreholes containing 550,687 gold assay records. The database for Zone 8 contains a subset of the total 13,617 historical core borehole dataset, 4,446 historical stope chip samples records and six underground boreholes drilled by Claude.

Resource modelling around historical underground mines is challenging as some of the modelled gold zones have seen previous underground mining and the underground workings have been inactive for a long period of time. SRK developed a conservative resource modelling strategy. Resource domains were defined and modelled from existing sampling data. Excavation wireframes were also constructed from available survey records. The mineral resources reported herein represent the gold mineralization situated in intact rock outside the excavation wireframes. In order to account for the possible instability of the rock mass surrounding mined out areas, geotechnical buffer zones around historical stopes were constructed and the material within these zones were excluded from estimated mineral resources.

Four grade block models were constructed. The block models for Austin, South Austin and Zone 8 were constructed in Datamine Studio 3 using the sub-blocking function. The block

model for McVeigh was constructed in GEMS as a percentage block model. Each block model was populated with a gold grade during the estimation process.

Internal waste caused by barren dikes crosscutting the gold mineralization in the Austin, South Austin and McVeigh Zones was evaluated by estimating gold grades into two separate block models using undiluted and diluted composite files. The volume of dike material was estimated using a geostatistical approach. Two grade block models were constructed (diluted and undiluted).

Mineral resources were classified according to the CIM Definition Standards for Mineral Resources and Mineral Reserves (November 2011). The mineral resources are classified as Indicated and Inferred. The block model resource estimates were validated by visual inspection against informing data, quantile-quantile plots, comparison with nearest neighbour and inverse distance estimates and by replicating the Datamine estimates using GEMS.

The “reasonable prospects for economic extraction” requirement generally implies that the quantity and grade estimates meet certain economic thresholds and that the mineral resources are reported at an appropriate cut-off grade taking into account extraction scenarios and processing recoveries. Mineral resources for the Madsen Gold Project are reported at a cut-off grade of 5.0 gpt gold considering that this material is amenable for underground extraction. The cut-off grade is based on a gold price of US\$1,000 per ounce and a gold and metallurgical recovery of 94 percent.

#### **Conclusions and Recommendations**

In the opinion of SRK, the block model mineral resource estimate and resource classification reported herein are a reasonable representation of the global gold mineral resources for the Madsen Gold Project at the current level of sampling.

SRK is of the opinion that the exploration data compiled from historical records and acquired from drilling performed by Claude and Placer Dome are sufficiently reliable to interpret the boundaries of the gold mineralization and support evaluation of mineral resources in accordance with generally accepted CIM “Estimation of Mineral Resource and Mineral Reserve Best Practices” guidelines.

**Consolidated Mineral Resource Statement\* for the Madsen Gold Project, Ontario,  
SRK Consulting (Canada) Inc., February 18, 2014**

<b>Class</b>	<b>Zone</b>	<b>Quantity (000't)</b>	<b>Grade Gold (gpt)</b>	<b>Contained Metal Gold (000'oz)</b>
Indicated	Austin	1,677	7.92	427
	South Austin	850	9.32	254
	McVeigh	374	9.59	115
	Zone 8	335	12.21	132
	<b>Total</b>	<b>3,236</b>	<b>8.93</b>	<b>928</b>
Inferred	Austin	108	6.30	22
	South Austin	259	8.45	70
	McVeigh	104	6.11	20
	Zone 8	317	18.14	185
	<b>Total</b>	<b>788</b>	<b>11.74</b>	<b>297</b>

\* Mineral resources are not mineral reserves and do not have demonstrated economic viability. All figures have been rounded to reflect the relative accuracy of the estimates. Reported at a cut-off grade of 5.0 gpt gold based on US\$1,000 per troy ounce gold and gold metallurgical recoveries of 94 percent.

SRK notes that the mineral resources occupy a small footprint of the large Madsen Property. Several other auriferous zones not considered in this study and other untested exploration targets warrant additional exploration expenditures. SRK considers that there is a good potential to increase the mineral resources of the Madsen Gold Project.

The character of the Madsen Property is of sufficient merit to justify additional exploration and development expenditures. The recommended work program aims at increasing the confidence and size of the historical resource database, continuing exploration work at the Madsen Mine, and complete exploration efforts elsewhere on the property. The proposed work program includes six components:

1. Continue compilation and validation of historical geological data, including incorporating data recently acquired in the Newman-Madsen transaction;
2. Infill and step-out drilling to expand the mineral resources and to improve resource classification within and external to the currently defined gold mineralized zones;
3. Deposit-scale geological studies aimed at improving understanding of the geological and structural setting of the deposit;
4. Engineering, metallurgical and environmental studies to support the design of a conceptual mine utilizing existing infrastructure as a low capital production opportunity, and to provide a base case economic model leading to a Preliminary Economic Assessment;
5. Property-scale geochemical, geophysical, and geological 3-dimensional surveying and modeling to order to identify and prioritize exploration targets;

6. Investigate the continuity of mineralization and the possibility of mineral resources at the more advanced satellite targets including Fork Zone, Russett South, Treasure Box, and Buffalo;

### **Recent Developments**

The following disclosure relating to the Madsen Gold Project summarizes non-material activities and results since February 18, 2014, the effective date of the above noted Technical Report. Documents incorporated by reference are available on the Corporation's website at [www.puregoldmining.ca](http://www.puregoldmining.ca) or on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Exploration**

Since February 18, 2014, the Corporation has embarked on an exploration program to prioritize drill targets designed to expand the current mineral resource, while concurrently developing a new predictive geology model for targeting high-grade, 8 Zone-style mineralization.

Phase 1 was designed to better define drill-ready targets and generate new targets. Exploration crews were mobilized to site and tasked with re-logging and sampling historic drill core, compiling historic geologic data and conducting structural mapping of the Property. Specifically Phase 1 included:

- Consolidating historic archives from former operators into a common digital platform;
- Conducting a high resolution airborne magnetic survey;
- Defining sampling and assaying protocols suitable for Red Lake coarse gold;
- Prioritizing near surface drill targets designed to expand the current mineral resource;
- Developing new predictive vectoring tools for targeting high-grade, 8 Zone-style mineralization; and,
- Developing a geological "footprint" of high-grade gold zones by constructing new 3D stratigraphic, structural, and alteration models, allowing more predictive drill targeting of ultramafic contact 8-Zone style mineralization.

The Corporation has embarked on a Footprint Modeling program designed to create stratigraphic, structural, and alteration models for the Madsen property utilizing the +200,000 metres of historic drill core available at the mine's core farm. The overall objective of the modeling exercise was to define structural controls and alteration vectors ("*footprints*") associated with gold mineralization using ultra-trace geochemistry, magnetic susceptibility, Terraspec (ASD) and XRF technologies ("*lithogeochemical sampling*"). This footprint modeling technique has proven successful at recent Red Lake discoveries and will be utilized when drill targeting 8 Zone-style mineralization.

As of March 31, 2015, Pure Gold geologists have re-logged over 15,000 metres of core from historic drill holes completed by previous operators. Initial re-logging and sampling efforts focused on underground drill core that intersected the ultramafic contact near the 8 Zone. Lithogeochemical results will be incorporated into a new 3D geological model and utilized for drill targeting.

Concurrent with the re-logging of some historic drill core and modeling, geologists have sampled mineralized zones for gold as a check sampling exercise. Recent re-logging of Fork Zone drill holes and interpretation by Pure Gold suggests that at least two

mineralization trends are defined within the Fork Zone, with a shallow flat-lying mineralized horizon intersected by a potentially higher-angle, structurally controlled high-grade vein system. Previous shallow drilling in the Fork Zone returned **17.3 g/t gold over 10.3 metres** from RUM-08-49 and **6.7 metres grading 13.4 g/t gold** from hole RUM-08-52, with recent re-sampling of RUM-08-52 returning **5.8 metres grading 21.5 g/t gold** (see press release dated August 7, 2014). Potential exists at the Fork Zone to define a high-grade mineralized system analogous to 8 Zone mineralization along the mafic – ultramafic contact.

CGG Canada Services Ltd. completed a 1,653 line-kilometre, helicopter-borne geophysics survey covering the entire +50 km<sup>2</sup> Madsen Gold Project. The MIDAS high resolution magnetic survey is designed from a base layer in property-scale exploration programs. Final results have been utilized by Pure Gold's exploration team in constructing a lithology-structural framework for the property and delineating lithological, alteration, and structural controls on gold mineralization. Initial interpretations are being incorporated in the exploration targeting process.

Mapping of the unconformity has been completed over the entire length of the Madsen property and mapping of the approximately 10km long ultramafic contact is ongoing. An initial view of structural controls on mineralization at Madsen has also been completed with structural models for the Fork Zone and Treasure Box area targets having been completed.

In August 2014 the Corporation commenced a drill program designed to test the initial targets generated in Phase 1. A total of 6,895 metres from 26 exploration drill holes were completed in 2014. The 2014 drilling was successful in discovering high-grade mineralization in the Fork Zone, McVeigh Ramp and Austin target areas. All drilling in 2014 was conducted utilizing oriented core to help identify structural and stratigraphic controls on mineralization. (see press release dated January 8, 2015 for a complete table of results from the 2014 drill program)

Drilling re-commenced in February 2015 with drills turning at the Russet South and Fork Zone target areas. Drilling at Russet South tested multiple, parallel 'D2' shear zones identified during the 2014 exploration field program. The initial two drill holes were collared on the Alpha Target to test the intersection of one of these D2 shear zones with a re-folded mafic-ultramafic contact; a setting analogous to recent high-grade discoveries in the Red Lake gold district. Assays showed significant intersections of **9.5 g/t gold over 3.5 metres**, including **18.8 g/t gold over 1.5 metres** in hole PG15-027 and **8.2 g/t gold over 11.0 metres** including **15.0 g/t gold over 5.0 metres** in hole PG15-028 (see press release dated March 2, 2015).

A second geologic structure (the Beta Target) tested at the Russet South drilling program, returned **39.1 g/t gold over 2.9 metres**, including **52.4 g/t gold over 0.7 metres** from hole PG15-031 and **37.5 g/t gold over 1.7 metres**, including **83.8 g/t gold over 0.7 metres**, from hole PG15-032. Both drill intercepts occur approximately 10 to 35 metres below surface at Russet South. These reported holes targeted near-surface mineralization associated with a shear zone located south of the Alpha Target discovery (see press release dated March 16, 2015)

A second rig was moved to the Fork Zone to continue to delineate the southern and depth extent of this high-grade gold structure identified during the 2014 drilling campaign. Drilling has traced the Fork Zone for over 300 metres of strike and it remains open for expansion.

From February 2015 through March 31, 2015, the Corporation had completed a further 3,778 metres of drilling from 17 exploration drill holes and has been successful in discovering high-grade mineralization in the Fork Zone and Russet South. In fiscal 2015, the Corporation spent approximately \$4.5 million exploring the Madsen Gold Project.

For the summer of calendar 2015 the Corporation will continue its exploration efforts to advance the Madsen Gold Project as per the following recommendations from the NI43-101 Technical Report:

- Continue compilation and validation of historical geological data;
- Deposit-scale geological studies aimed at improving understanding of the geological and structural setting of the Madsen deposit;
- Property-scale geochemical, geophysical, and geological 3-dimensional surveying and modeling to order to identify and prioritize exploration targets;
- Investigate the continuity of mineralization and the possibility of mineral resources at the more advanced satellite targets including Fork Zone, Russett South, Treasure Box, and Buffalo;

For the period January through May 2015, the exploration program included approximately 5,900 meters drilling targeting the prospective Russet South and the Fork zone ultramafic contact targets. For the balance of calendar 2015, the Company has proposed an exploration budget of \$2.1 million which will include a further systematic summer exploration program to develop targets for a proposed fall drill program at Madsen. The projected total cost of the fiscal 2016 exploration program is approximately \$4.0 million.

On February 20, 2015, Pure Gold announced it had closed a bought-deal private placement of C\$5.7M to funds its exploration effort.

## **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 125,719,854 Common Shares issued and outstanding as of June 4, 2015. 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.

As described in this AIF, pursuant to the Newman-Madsen property agreement, the Corporation has granted Sabina (or its affiliates) the Sabina Participation Right, to maintain its pro rata interest in the Corporation through the subscription for and purchase (directly or through an affiliate) of additional Common Shares issued in connection with an issuance or sale of Common Shares at the same price and on the same terms at which those additional Common Shares are offered for sale to other purchasers. For more information, see the headings, Risk Factors - “*Anti-Dilution Participation Rights*” in this AIF.

#### **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, 2<sup>nd</sup> Floor, Vancouver, British Columbia.

#### **Consolidated Capitalization**

The following represents the Corporation’s capital structure:

*i) Common Shares*

<b>Designation of security</b>	<b>Number of Common Shares Authorized</b>	<b>Outstanding on March 31, 2015</b>	<b>Outstanding on June 4, 2015</b>
Common Shares	Unlimited	125,719,854	125,719,854

The Corporation has also issued 38,163,250 Share Purchase Warrants pursuant various private placement offerings. Each outstanding Share Purchase Warrant entitles the holder to acquire one Common Share at a weighted average exercise price at March 31, 2015 of \$0.50, until September 2016. The Share Purchase Warrants include customary adjustment provisions relating to the number of securities issuable and exercise price per security in the event of material transactions or events that would affect the Common Shares specifically (such as a subdivision or consolidation of Common Shares, the issuance of other securities convertible into Common Shares or payment of an in-kind dividend or distribution) or would be a fundamental change to Pure Gold (including a reclassification of Common Shares or completion of a material corporate transaction).

Holders of the Share Purchase Warrants do not, as such, have any voting right or other right attaching to the Common Shares until the particular warrants are properly exercised and Common Shares issuable upon exercise of the Share Purchase Warrants, are issued.

The Corporation has also issued and are outstanding 1,242,657 Compensation Options, that if exercised at a price of \$0.25, entitle the holder to one Common share and

one-half of a common share purchase warrant, with each whole warrant entitling the holder to acquire one additional Common Share at a price of \$0.50.

### 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 than<sup>1</sup>:

<u>Name</u>	<u>Number of Common Shares</u>	<u>Percentage of Common Shares</u>
AngloGold Ashanti International Exploration Holdings Ltd.	15,085,531	12.0%

AngloGold holds 5,554,750 Share Purchase Warrants, that if exercised, in aggregate with its existing shareholding, represent 15.7% of the Corporation's issued and outstanding capital calculated on a partially diluted basis.

### 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 Venture Exchange 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 during the year ended March 31, 2015.

#### *Common Shares*

<b>Period</b>	<b>Volume</b>	<b>High (C\$)</b>	<b>Low (C\$)</b>
March 2015	3,741,100	\$ 0.31	\$ 0.25
February 2015	2,327,500	\$ 0.33	\$ 0.25
January 2015	1,690,800	\$ 0.36	\$ 0.26
December 2014	1,859,600	\$ 0.34	\$ 0.24
November 2014	2,119,500	\$ 0.34	\$ 0.20
October 2014	5,432,000	\$ 0.37	\$ 0.21
September 2014	5,816,600	\$ 0.51	\$ 0.37
August 2014	10,019,000	\$ 0.58	\$ 0.41
July 2014	17,623,200	\$ 0.50	\$ 0.34

<sup>1</sup> 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](http://www.sedi.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).

June 2014	1,149,500	\$ 0.45	\$ 0.28
May 2014	548,800	\$ 0.35	\$ 0.28
April 2014	386,900	\$ 0.40	\$ 0.31

## Prior Sales

### *Non-trading securities – Options*

During the period from April 1, 2014 to March 31, 2015, the Company issued 5,830,000 stock options to employees, consultants and directors with a weighted average exercise price of \$0.34 per Common Share.

The Corporation did not issue any Options during fiscal 2014.

As at June 4, 2015, there were 6,115,000 Common Shares issuable upon the exercise of outstanding Options at a weighted average exercise price of \$0.33 per Common Share.

### *Non-trading securities - Warrants*

On March 4, 2014, the Corporation issued 38,163,250 Common Share Purchase Warrants at an exercise price of \$0.50 expiring September 4, 2016 and 4,142,191 Compensation Options expiring March 4, 2016. Each Compensation Option has an exercise price of \$0.25 and upon exercise, entitles the holder to one Common Share plus one-half of a common share purchase warrant. Each whole warrant entitles the holder to one additional Common Share at a price of \$0.50.

No Common Share Purchase Warrants or Compensation Options were issued during fiscal 2015.

As at March 31, 2015, the Corporation had 38,163,250 Common Share Purchase Warrants outstanding at a weighted average exercise price of \$50 and 1,242,657 Compensation Options outstanding at a weighted average exercise price of \$0.25. As of June 4, 2015, 38,163,250 Common Share Purchase Warrants and 1,242,657 Compensation Options were outstanding.

## GOVERNANCE

### Directors and Officers of the Corporation

#### Directors

As of June 4, 2015, 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
<b>CURRIE, GRAEME</b> <sup>(2)(3)</sup> Chairman, British Columbia, Canada	Businessman: Director and Chairman of Pure Gold since March 4, 2014. Self-employed corporate consultant. Director of Balmoral Resources Ltd <sup>4</sup> . since January 13, 2014. Director of Investment Banking, Canaccord Genuity until August 2012.	March 4, 2014
<b>DARIN LABRENZ</b> 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
<b>MARK O'DEA</b> <sup>(5)(3)</sup> Director, British Columbia, Canada	Director of Pure Gold since March 4, 2014. Executive Chairman, True Gold Mining Inc. <sup>6</sup> from December 2012 to present. President and Director, Oxygen Capital Corp. <sup>7</sup> from February 2012 to present. 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
<b>LENARD BOGGIO</b> <sup>(2)(5)</sup> Director, British Columbia, Canada	Formerly Partner with PricewaterhouseCoopers LLP (and prior Coopers & Lybrand LLP) from 1982 until retirement from PwC in May 2012. During that time he was Leader of the B.C. Mining Group of PwC, a senior member of PwC's Global Mining Industry Practice and an audit practitioner for publicly listed Canadian, U.S. and U.K. mineral resource and energy clients.	March 4, 2014
<b>TROY FIERRO</b> <sup>(2)(3)</sup> Director, Colorado, USA	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 <sup>5</sup> and Timberline Resources <sup>5</sup> .	May 12, 2014
<b>ROBERT PEASE</b> British Columbia, Canada	Director, Pure Gold from June 24, 2014 to present. Former President and CEO of Sabina Gold & Silver Corp. <sup>(5)</sup> from October 2011 to February 2015). Chairman of Crazy Horse Resources Incorporated <sup>(5)</sup> from July 2011 to November 2011. Director and Advisor of Richfield Ventures Corp. <sup>(5)</sup> from September 2010 to June 2011. Director, President and Chief Executive Officer of Terrane Metals Corp. <sup>(5)</sup> from April 2006 to October 2010.	June 24, 2014
<b>SEAN TETZLAFF</b> British Columbia, Canada	Chief Financial Officer of Pure Gold since May 13 2014. Vice President and Director of Oxygen Capital Corp. from February 2012 to present. Chief Financial Officer & Corporate Secretary of Blue Gold Mining Inc. from September 2011 to February 2013. Chief Financial Officer, Vice President, Finance and Corporate Secretary of Fronteer Gold Inc. from January 2005 to April 2011. Director and Audit Committee Chair of Pilot Gold Inc. from February 2011 to present.	Not Applicable

<sup>2</sup> Member of the Audit Committee

<sup>3</sup> Member of Compensation Committee

<sup>4</sup> A publicly traded mineral exploration and development company working in North America.

<sup>5</sup> Member of Corporate Governance committee.

<sup>6</sup> A publicly traded mineral exploration and development company working in Burkina Faso.

<sup>7</sup> A private company providing technical and administrative services to mining companies.

Name, Province/State of Residence	Office held with Corporation and Principal Occupation for Five Preceding Years	Director Since
<b>MISCHA ZAJTMANN</b> British Columbia, Canada	Corporate Secretary and General Counsel of Pure Gold from April 8, 2014 to present. Corporate Secretary and General Counsel of True Gold Mining Inc. <sup>(8)</sup> and Pilot Gold Inc. <sup>(9)</sup> from March 17, 2014 to present. Corporate Counsel at McDonald, Dettwiler and Associates Ltd. <sup>(10)</sup> from March 2013 to March 2014; Associate at Blake, Cassels & Graydon LLP <sup>(11)</sup> from April 2011 to March 2013; Associate at McCarthy Tetraault LLP <sup>(11)</sup> from August 2009 to April 2011.	Not Applicable
<b>DARREN O'BRIEN</b> British Columbia, Canada	Vice-President, Exploration of Pure Gold from April 1, 2014 to present. Vice-President Exploration for BCGold Corp <sup>12</sup> from January 2011 to April 2014. Vice-President Exploration for Terrane Metals Corp. <sup>(12)</sup> from July 2006 to October 2010. Director of RedQuest Capital Corp. <sup>13</sup> from March 2010 to present. Prior to this, worked for Placer Dome Inc. <sup>14</sup> from 1993 to 2005 as Senior Geologist.	Not Applicable

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 by-laws 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 5,193,436 Common Shares representing approximately 4.1% of the issued and outstanding Common Shares as of such date.

#### **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

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

<sup>8</sup> A publicly traded mineral exploration and development company working in Burkina Faso.

<sup>9</sup> A publicly traded mineral exploration and development company working in Nevada, USA and Turkey.

<sup>10</sup> A global communications and information company.

<sup>11</sup> A law firm

<sup>12</sup> A publicly traded mineral exploration and development company working in North America.

<sup>13</sup> A capital pool corporation.

<sup>14</sup> A large publicly traded mining company with operations worldwide.

- 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; and

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; and

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.

### **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 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 March 31, 2015. PwC report that they are independent of the Corporation in accordance with the Rules of Professional Conduct of the Institute of Chartered 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 respective Technical Reports referenced in this AIF is a Qualified Person:

Technical Report	Qualified Person
Madsen Gold Project	Lars Weiershäuser, Ph.D. P.Geo. Glen Cole, P.Geo.

In the case of the following news releases issued by the Corporation (available under the Corporation's profile on SEDAR at [www.sedar.com](http://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
December 19, 2013	Darren O'Brien P.Geo
January 14, 2014	Darren O'Brien P.Geo
May 13, 2014	Darren O'Brien P.Geo
July 8, 2014	Darren O'Brien P.Geo
August 22, 2014	Darren O'Brien P.Geo
October 23, 2014	Darren O'Brien P.Geo
October 29, 2014	Darren O'Brien P. Geo
January 8, 2015	Darren O'Brien P. Geo
March 2, 2015	Darren O'Brien P. Geo
March 16, 2015	Darren O'Brien P. Geo
May 27, 2015	Darren O'Brien P. Geo

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. Darren O'Brien is not independent of Pure Gold by virtue of his employment with the Corporation. Mr. O'Brien is the Corporation's Vice-President, Exploration. Mr. O'Brien holds 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. O'Brien, represents less than 1% of the issued and outstanding Common Shares.

### **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**

The only 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, are as follows:

1. The Madsen Gold Agreement dated December 19, 2013, pursuant to which the Corporation acquired the Madsen property from Claude.
2. The Underwriting Agreement dated February 20, 2015 pursuant to which the Corporation raised \$5.7 million.
3. Warrant Indenture dated March 4, 2014 and amended dated April 2, 2014 between the Corporation and Computershare Trust Company of Canada in connection with the Warrants issued pursuant to the Offering.

Copies of each of the material contracts described above have been filed with the applicable Canadian securities regulatory authorities and are available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Board Committees**

The Board has three standing committees: (i) Audit; (ii) Compensation; and (iii) Corporate Governance and Nominating. 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, and the Corporate Governance and Nominating 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](http://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 March 31, 2015 was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

### *Pre-Approval Policies and Procedure*

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. Mr. Boggio has significant expertise in financial reporting, auditing matters and transactional support, previously assisting, amongst others, clients in the mineral resource and energy sectors, including exploration, development and production stage operations in the Americas, Africa, Europe and Asia. Mr. Boggio earned Bachelor of Arts and Bachelor of Commerce degrees from the University of Windsor, Ontario. In 1985 Mr. Boggio became a member of the Institute of Chartered Accountants of British Columbia and in 1999 he achieved his CPA (Illinois). Mr. Boggio was conferred with an FCA designation in 2007 by the Institute of Chartered Accountants of British Columbia for distinguished service to the profession and community. Mr. Boggio was an audit and assurance practitioner with PwC, and prior to that Coopers & Lybrand, from 1982 to his retirement as a partner of the firm in 2012.

## 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 March 31, 2015 and 2014:

	<b>Years ended March 31,</b>	
	<b>2015</b>	<b>2014</b>
Audit fees	\$84,650	\$60,000
Audit related fees	\$500	\$500
<b>Total</b>	<b>\$85,150</b>	<b>\$60,500</b>

## **Audit Fees:**

Audit fees paid increased by \$24,650 from March 31, 2014 to March 31, 2015 as a result of the Company electing to have its quarterly financial statements reviewed 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:**

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

**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 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](http://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](http://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

## 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 as outlined herein 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.

For assistance with compliance matters and to report actual or potential compliance infractions, Personnel should refer to the procedures outlined separately in "*Procedures for Receipt of Complaints and Submissions Relating to Ethical Conduct and Accounting Matters*" (attached hereto as Appendix 'A').

## **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.

Re-confirmed December 10, 2014

**Appendix A**

**Procedures for Receipt of Complaints and Submissions Relating to  
Conduct, Bullying, Harassment and Accounting Matters**

**Ethical**

**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: \_\_\_\_\_