



Pure Gold Mining Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2021

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Management's Discussion and Analysis
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This Management's Discussion and Analysis (the "**MD&A**"), dated as of March 30, 2022, is for the fiscal year ended December 31, 2021 and should be read in conjunction with the audited financial statements, including the related notes thereto, for the years ended December 31, 2021 and 2020 (together, the "**Financial Statements**"), of Pure Gold Mining Inc. (also referred to as "**Pure Gold**", or the "**Company**", or "**we**", or "**our**", or "**its**" or "**us**" within this MD&A), and our other corporate filings including our Annual Information Form for the fiscal year ended December 31, 2021 dated March 30, 2022 (the "**AIF**"), available under Pure Gold's profile on SEDAR at www.sedar.com. All dollar amounts stated in this MD&A are expressed in Canadian dollars ("\$\$") unless noted otherwise.

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

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

Business Overview

The Company is listed on the TSX Venture Exchange ("**TSX-V**") in Canada under the symbol PGM and on the London Stock Exchange ("**LSE**") under the symbol PUR.

The Company's primary asset is the 100% owned PureGold Mine ("**PureGold Mine**" or the "**Mine**"), in Red Lake, Ontario. After completing a feasibility study in 2019 ("**Feasibility Study**") which outlined a 12-year mine life and completing construction in 2020, the Company poured first gold in late December 2020 and declared commercial production at the Mine on August 1, 2021. The PureGold Mine consists of an underground mine with two ramp accesses from surface, an ore processing facility with design capacity of 800 tonnes of ore per day ("**tpd**"), and tailings and rock storage facilities.

The PureGold Mine property comprises 251 mining leases, mining patents and unpatented mining claims (but predominantly patented and with accompanying surface rights) owned or controlled 100% by PureGold, covering an area in excess of 4,600 hectares in the Red Lake mining district of Northwestern Ontario. The PureGold Mine property hosts two former gold producers including the PureGold Mine.

There are no royalties payable on claims hosting known mineral resources at the PureGold Mine property except for a 2% Net Smelter Royalty on resources from Russet South, that is capped at \$2.0 million. Certain claims acquired in the Newman-Madsen and Derlak transactions are subject to royalties ranging from 0.5% - 3%, a portion of which may be bought back by the Company.

Operational & Business Highlights - Fourth Quarter and Full Year 2021

A summary of the highlights for the year ended December 31, 2021, and subsequent period to date for the Company and the PureGold Mine are as follows:

Commercial Production

- The Company declared commercial production at the PureGold Mine on August 1, 2021.

Gold Production

- Gold production for the quarter ended December 31, 2021 was 7,565 ounces and gold production for the year ended December 31, 2021 was 26,899 ounces.
- Gold sold for the quarter ended December 31, 2021 was 7,100 ounces and gold sold for the year ended December 31, 2021 was 25,238 ounces.

Processing

- For the quarter ended December 31, 2021, the PureGold Mine processed a total of 51,129 tonnes of ore, or an average of 556 tpd, at an average head grade of 4.8 grams of gold per tonne of ore (“g/t Au”) and achieved an average recovery of 95.3%.
- For the year ended December 31, 2021, the PureGold Mine processed a total of 208,874 tonnes of ore, or an average of 576 tpd, at an average head grade of 4.2 g/t Au and achieved an average recovery of 95.1%.
- The main operating units in the mill and process facility are performing as expected. Upgrades are planned for the gravity circuit which are expected to increase gravity recovery by 10-15% and overall gold recoveries by 1-2% to 96-97% from 95%. These upgrades are also expected to reduce operating costs by reducing cyanide dosages (consumption) in leaching, carbon in carbon-in-pulp (“CIP”), and metabisulfite/copper sulfate in the detox circuit.
- Several key upgrades were completed at the milling facilities during 2021 including the installation of interstage screens on each of the six CIP tanks, installation of a trommel screen on the SAG mill discharge, and several pump upgrades. The mill has demonstrated capability of operating consistently and reliably at and above its design capacity of 800 tpd.
- Significant progress was made in 2021 on permit amendment applications and supporting work to increase annual ore production limits from 292,000 tonnes (800 tpd) to 360,000 tonnes (1,000 tpd) , and final approval of the amendment is expected in 2022.

Mining

- For the quarter ended December 31, 2021, a total of 46,949 tonnes of ore were mined from the PureGold Mine, or an average of 510 tpd.
- For the year ended December 31, 2021, a total of 177,192 tonnes of ore were mined from the PureGold Mine, or an average of 485 tpd.
- Mined tonnes and gold grades have, on average, been lower than expected throughout 2021 due to shortages of high-grade ore at various times. High-grade ore shortages led to blending of low-grade material and stockpiles which reduced the overall feed grade to the mill. These shortages were caused by a combination of factors including development delays, insufficient scheduling flexibility, insufficient geologic information available for stopes prior to mining, equipment downtime, and strategic misalignments.
- Significant changes to mine planning and scheduling were implemented during the fourth quarter of 2021 to establish and maintain access to enough high-confidence, high-grade stopes to feed the mill, with early signs of positive progress evident in December’s operating results. These changes include reorganization of information and workflow structures, resulting in enhanced accountability and reduced assay turnaround times. Additionally, definition drilling activity was expanded to provide mine planners with better information in a timely manner leading to improved stope designs and enhanced scheduling flexibility. Finally, a geologic confidence-based model was implemented to standardize decision making and improve mine scheduling and planning. Together, these changes are expected to drive sustainable

increases in both ore throughput and head grade, though will require more time to fully implement.

Surface Exploration

- A limited program of surface exploration drilling was completed outside of the mine reserve footprint during the first quarter of the year as the Company was focused on production ramp-up. Drilling at the Derlak and Gap targets with two surface rigs initiated in January was completed in March 2021. The two surface drill rigs completed 5,234 metres of coring on four deep holes at Derlak and Gap targets during 2021 with strong alteration and anomalous gold values intersected warranting follow-up. No surface exploration was completed during the last three quarters of 2021. Exploration is expected to resume in the second half of 2022.

Sustaining Capital

- The Company incurred a total of \$12.2 million in sustaining capital expenditures during the three months ended December 31, 2021. Sustaining capital during the quarter was primarily related to development costs for the Main and East ramp and lateral level development, along with expenditures at the water treatment plant and commencement of a lift on the tailings dam along with various Mill upgrades to CIP screens and pumps.

Leadership Changes

- On October 27, 2021, Maryse Belanger, director, and experienced mine operator and builder, stepped into the role of Mine General Manager at the PureGold Mine, following retirement by the incumbent. In this role, Ms. Bélanger oversaw all of the day-to-day operations of the PureGold Mine.
- On January 4, 2022, Mr. Troy Fierro, Director and seasoned mining engineer, replaced Darin Labrenz as President & CEO. Mr. Chris Haubrich, Vice President Business Development, replaced Sean Tetzlaff as CFO. Ms. Ashley Kates, Corporate Controller, was promoted to Vice President Finance & Corporate Secretary.
- On February 17, 2022, Terrence Smith was appointed to the position of Chief Operating Officer and Bryan Wilson was appointed Vice President Mine General Manager of the PureGold Mine. Phil Smerchanski was promoted to Vice President Exploration & Technical Services. Maryse Bélanger remained on PureGold's Board of Directors.

Technical Report Update

- Work on an updated Mineral Resource Estimate for the PureGold Mine including satellite deposits Wedge, Russet South and Fork is underway. Following completion of the updated resource estimate, an updated Technical Report is expected to be completed including an updated Mineral Reserve. Expected timing for the updated Technical Report is in the second half of 2022.

Other Mineral Property Interests

- Kinross Exploration (Canada) completed a 2021 exploration program on PureGold's Van Horne property as part of an option agreement. From February 2021 to March 2021, 1,040 metres of diamond drilling was completed on the Redeemer target, which produced anomalous gold values during the 2020 drill program. From May 2021 to September 2021 geological outcrop mapping was completed on select targets across the property to collect lithological and structural data to further advance existing prospects and discover new prospects. From September 2021 to October 2021, 2,904 metres were drilled at the Lone Jack target. On October 27, 2021 PureGold Mining and KG Exploration (Canada) Inc. entered into a Joint Venture agreement, whereby Kinross currently has earned an undivided 70% interest in the property and PureGold retains the remaining 30%. Kinross incurred expenditure of \$1.3 million on the project in 2021. Kinross anticipates a \$1.37 million exploration program in 2022 which will include overburden stripping, mapping and rock sampling, and diamond drilling. PureGold does not anticipate contributing to future exploration costs of the Van Horne project, and will allow its interest to dilute accordingly.

Outlook

Updated Life-of-Mine Plan

The Company recently engaged SRK Consulting (Canada) Inc. (“SRK”) to lead a team of multidisciplinary consultants from SRK and other independent consulting firms including Allnorth Consultants Limited, Knight Piésold Ltd., and Equity Exploration Consultants Ltd. to prepare an updated Mineral Reserve, Mineral Resource, and Life of Mine plan for the PureGold Mine. The updates will be detailed in a NI 43-101 Technical Report which the Company expects to release in the third or fourth quarter of 2022. The scope of work for the updated Life of Mine plan includes an analysis of the optimal throughput rate, analysis of mining methods, analysis of current and future mine access including shaft versus ramp trade-off studies, and analysis of potential future production expansions. The goal of the updated Life of Mine plan is to identify the best value-maximizing path forward for the Company and its shareholders based on existing development and infrastructure, operating experience to date, significant exploration and organic growth potential, and the Company’s current and future financial capacity.

2022 Production and Cost Outlook

In 2021, the milling facilities at the PureGold Mine demonstrated capability of operating consistently and reliably at and above the design capacity of 800 tpd on multiple occasions. The regulatory process to increase the permitted mill capacity to 1,000 tpd is well advanced. Despite strong mill performance, gold production at the PureGold Mine in 2021 fell short of design capacity due to challenges in maintaining access to enough high-confidence, high-grade stopes to provide high-grade ore to the mill. A persistent shortage of high-grade ore from underground resulted in less than full utilization of the mill and at various times led to blending of low-grade development material and stockpiles which also reduced the overall feed grade to the mill. Identifying and addressing the underlying causes of insufficient access to high-grade stopes has been a central focus of the Company’s new operational leadership team and several new initiatives have been launched which are expected to improve stope access and ultimately result in increased ore throughput, improved grades, and reduced costs in 2022.

Based on the various production improvement and cost savings initiatives currently underway, by the end of 2022 the Company is targeting a minimum of a 50% increase in average daily ore production, a 30% increase in average head grade, and a 20% reduction in monthly operating costs compared to 2021 totals.

For the first half of 2022, the Company expects to mine and process an average rate of between 600-700 tonnes per day at an average head grade of 4.0-5.0 g/t Au and average gold recovery of 95% translating to expected gold production of between 15,000-20,000 ounces for the six-month period. Both ore production and grade are expected to improve in H2 2022 as the various initiatives underway continue to be developed and implemented, including work in support of the updated Life of Mine plan.

The Company expects cost and production guidance for H2 2022 will be available by June 2022.

Until the Company reaches steady-state levels of throughput and expected grade, non-IFRS financial measures such as Cash costs per ounce and All-in sustaining costs (“AISC”) per ounce, which rely on ounces produced in their calculation, are not representative of the future mine plan and are not provided herein.

Cash and Liquidity

At the date of this MD&A, the Company’s cash balance is approximately \$6 million. The Company expects it will need to seek additional financing in the next 30 days to fund operations and to service the interest on its debt. The Company is working collaboratively with its lending partner, Sprott Private Resource Lending II (Collector), LP (“Sprott”), and with its financial and legal advisors to explore a variety of potential financing solutions. If such additional financing is not received in the short term, PureGold will not be able to meet its obligations as they become due resulting in a default under its debt obligations.

The Company expects that in total, over the next six months, it will require approximately \$50 million of external financing to achieve and sustain positive free cash flow at the corporate level. This milestone is expected to be achieved by the end of 2022. Refer to “Liquidity, Capital Resources, and Going Concern” discussion below.

Overview of Operating Results

		For the three months ended December 31, 2021	For the year ended December 31, 2021 ¹
Operating data²			
Ore mined	Tonnes	46,949	177,192
Waste mined	Tonnes	120,129	513,292
Total mined	Tonnes	167,078	690,484
Ore milled	Tonnes	51,129	208,874
Average head grade	Grams per tonne gold	4.8	4.2
Recovery	%	95.3	95.1
Gold produced	Ounces	7,565	26,899
Gold sold	Ounces	7,100	25,238
Average Price realized	\$/ounce sold	\$2,260	\$2,247
Financial data³			
Revenue	\$	15,947,970	31,881,619
Mine operating loss	\$	(13,156,991)	(19,097,226)
Net loss	\$	(17,863,357)	(34,915,128)
			As at December 31, 2021
Long term debt	\$		115,204,000
Current assets	\$		21,297,000
Current liabilities	\$		43,277,000

Notes

¹ Commercial production was declared August 1, 2021.

² The operating data for the year ended December 31, 2021 assumes pre-commercial production results are included. For accounting purposes, pre-commercial production mine operating costs have been capitalized to mine development costs within Mineral Properties, Plant and Equipment.

³ The Company commenced commercial production on August 1, 2021, as such, only financial data from this date are recognized in the Company's Statement of Loss and Comprehensive Loss for the year ended December 31, 2021 and in this table. Pre-commercial production mine operating earnings and losses were capitalized to mine development costs within Mineral Properties, Plant and Equipment.

The Company's accounting policy prior to reaching pre-determined levels of operating capacity intended by management, is to capitalize costs as part of mine development costs within property, plant and equipment. As a result, the Company capitalized all operating costs for the first seven months of 2021, as commercial production was not declared until August 1, 2021.

As at December 31, 2021, the Company carried on its balance sheet a total of \$273.0 million in capitalized Mineral Property, Plant and Equipment costs, including \$14.3 million in capitalized borrowing costs, and net of \$25.0 million in capitalized proceeds from sale of gold during the commissioning phase. The balance also includes a further \$129.9 million in plant and equipment, \$5.0 million in the cost of land, and \$1.9 million in construction in progress costs.

Financings

On June 17, 2020, PureGold closed a non-brokered private placement of 9,868,421 Shares that qualified as "flow-through shares" with respect to Canadian Exploration Expenses ("**CEE**") as defined under the *Income Tax Act* (Canada) (the "**Tax Act**") (the "**CEE Flow-Through Shares**") at a price of \$1.52 per CEE Flow-Through Share, for gross proceeds to PureGold of \$15,000,000 .

On May 5, 2021, Pure Gold closed a bought deal offering of "flow-through shares" with respect to "Canadian development expenses" ("**CDE**") within the meaning of the Tax Act (the "**CDE Flow-Through Shares**") at an issue price of \$1.52 per CDE Flow-Through Share for gross proceeds of \$17,250,024 which includes the full exercise of the underwriters' over-allotment option.

On September 28, 2021 the Company closed a bought deal offering of 21,905,200 units of the Company at a price of C\$1.05 per unit for gross proceeds to the Company of C\$23,000,460. Each unit is comprised of one common share and one-half common share purchase warrant. Each warrant will entitle the holder thereof to purchase one common share at a price of C\$1.36 until March 28, 2023.

On October 15, 2021 the Company closed a non-brokered private placement to AngloGold at a price of C\$1.05 per unit for gross proceeds to the Company of C\$3,473,000. Each unit is comprised of one common share and one-half Common Share purchase warrant. Each warrant will entitle the holder thereof to purchase one common share at a price of C\$1.36 until March 28, 2023.

On February 15, 2022 the Company closed a brokered and non-brokered private placement for gross proceeds of \$31.2 million. The brokered offering issued 26,423,000 common shares at a price of C\$0.53 per common share for gross proceeds of \$14 million. The non-brokered offering issued 32,525,000 common shares to AngloGold at a price of C\$0.53 for gross proceeds of \$17.2 million.

The following table outlines the status of expenditures pertaining to the above noted financings as at December 31, 2021:

All amounts are approximate, expressed in millions of dollars

Description	Prior Disclosure	Actual Spent	Remaining	Total	Variance
July 20, 2020, Offering – PureGold Mine Project ⁽¹⁾ Wedge, Russet South, Fork and other satellite targets to the main PureGold Mine deposit	\$15	\$9.5	\$5.5	\$15	Nil
May 5, 2021 Offering – PureGold Mine Project Development of the PureGold Mine Project, including the excavation and extension of main haulage ways	\$17.3	\$17.3	Nil	\$17.3	Nil
September 28 and October 15, 2021 ⁽²⁾ Fund the continued ramp up of operations at its 100%-owned PureGold Mine Project located in Red Lake, Ontario, underground drilling and development of the high-grade 8 zone, and for general corporate purposes	\$26.5	\$23.5	\$3.0	\$26.5	Nil

Notes:

⁽¹⁾ Remaining funds are held in the form of cash or are expected from future cash flows and are expected to be used by PureGold to incur exploration expenses in respect of the PureGold Mine Project that qualify as CEE as defined in the Tax Act.

⁽²⁾ Remaining funds are held in the form of cash.

Selected Financial Information

Results of Operations

The following financial data has been derived from our Annual Financial Statements for the years ended December 31, 2021, 2020 and 2019 (in millions of \$, except per share data. Numbers may not add or cross-add due to rounding):

	For the year ended December 31, 2021	For the year ended December 31, 2020	For the year ended December 31, 2019
Total Revenue	\$ 31.9	\$ --	\$ --
Mine operating loss	(19.1)	--	--
Exploration and evaluation	(3.7)	(6.6)	(8.9)
Corporate administrative costs	(7.5)	(6.5)	(5.7)
Interest and financing costs	(6.3)	(0.2)	(0.1)
Gain (loss) on fair value of derivative liabilities	(0.4)	(16.7)	(6.3)
Net loss and	(34.9)	(26.9)	(21.8)

comprehensive loss for the period	\$	\$	\$
Basic and diluted loss per common share	\$	(0.08)	(0.07)

Fiscal year-ended December 31, 2021 vs. fiscal period ended December 31, 2020

Net loss and comprehensive loss for the year ended December 31, 2021 totaled \$34.9 million, compared to \$26.9 million for the same period in the prior year. The most significant contributors to the loss for the year ended December 31, 2021 were (i) mine operating loss, (ii) general and administrative expenditures consisting of wages, consulting and director fees, professional fees, investor relations and communications expenses, (iii) exploration and evaluation expenditures, (iv) share based compensation expense, (v) Interest and financing costs (vi) changes in the fair value of derivatives, (vii) gains on foreign exchange and (viii) income tax recoveries. Explanations for material variances period over period are described below.

Mine operating earnings (loss)

The mine operating loss for the years ended December 31, 2021 and 2020 (in millions of \$, except per share data. Numbers may not add or cross-add due to rounding) is comprised of the following:

	Year ended December 31, 2021	Year ended December 31, 2020
Revenue	\$ 31.9	\$ --
Cost of sales		
Labour, wages and benefits	(17.8)	--
Raw materials and consumables	(8.2)	--
Contractors	(13.9)	--
Site administrative costs	(3.5)	--
Depreciation and deletion	(5.5)	--
Change in inventory	4.1	--
Inventory write-down	(6.2)	--
Total	(51.0)	
Mine operating loss	\$ (19.1)	\$ --

The Company achieved commercial production on August 1, 2021, as a result, the Company capitalized all proceeds received from gold sales and cost of sales for the first seven months of 2021. Since commercial production, the Company has sold 14,142 ounces of gold at a weighted average price of US\$1,790 resulting in revenue of \$31.9 million. Revenue is net of treatment and refining costs which amounted to \$106 thousand. Revenues earned from first gold pour to August 1, 2021, have been netted against Mineral Properties costs and amounted to \$24.7 million or 11,096 ounces of gold at a weighted average price of approximately US\$1,787 per ounce.

The mine operating costs are comprised of production costs, including mining, processing, maintenance, site general and administration and site share-based payments. Prior to August 1, 2021, the date the Company achieved commercial production, all mine operating costs were capitalized to mine development within Property, Plant and Equipment.

Exploration expenditures

The Company's exploration activities at the PureGold Mine Project totaled \$3.7 million compared to \$6.6 million in 2020. Exploration is not expected to ramp up again until the second half of 2022. The Company continues to have \$5.5 million in flow-through funds from its June 17, 2020 financing that are required to be spent by December 31, 2022.

Corporate administrative costs

Corporate administrative costs decreased from \$11.6 million in 2020 to \$7.5 million in 2021. Corporate administrative expenditures consist of wages, consulting and director fees, professional fees, corporate listing and filing fees, investor relations and communications expenses, and office costs.

	Year ended December 31, 2021	Year ended December 31, 2020
Wages, consulting and director fees	\$ 2.5	\$ 2.5
Share-based payments	1.5	4.9
Professional fees	1.3	1.8
Investor relations	0.7	1.2
Office costs	0.7	0.7
Listing and filing fees	0.6	0.3
Depreciation	0.2	0.2
	\$ 7.5	\$ 11.6

Wages, consulting and director fees remained consistent year over year at \$2.5 million for the years ended December 31, 2021 and 2020, respectively. While the Company increased staffing at the head office in 2021 compared to 2020, there were no annual bonuses paid in 2021 compared to 2020.

Share-based compensation expenses totaled \$1.5 million in 2021 compared to \$4.9 million in 2020. Share-based compensation expense relates to stock option grants from current and previous periods in which stock options were granted to directors, employees, and consultants and current grants of Restricted Share Units ("RSU") and Deferred Share Units ("DSU") to employees and directors. Stock options and RSUs granted to employees and consultants are subject to vesting periods ranging from immediate vesting to vesting over three years. DSU grants vest only when an individual ceases to be a director of the Company. Stock option grants to directors vest immediately on grant. The large decrease in 2021 is a result of timing of grants. The Company issued annual stock option, RSU and DSU grants to officers, directors and certain employees in December 2020, no similar grant was made in 2021.

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

Professional fees for the year ended December 31, 2021 totaled \$1.3 million compared to \$1.8 million in 2020,

reflecting increased business development activities incurred in 2020 when compared to 2021.

Investor relations and communication expenditures totaled \$0.7 million in 2021, compared to \$1.2 million in 2020, reflecting scaled back investor relations activities in an effort to preserve cash in 2021. Further, in 2020, the Company incurred increased costs of re-designing the Company's website, and undertaking video production work that was not incurred in 2021.

Interest and finance costs

	Year ended December 31, 2021	Year ended December 31, 2020
Credit Facility interest expense	\$ 5.6	\$ -
Deferred transaction costs amortization	0.2	-
Financing fees on leases	0.3	0.1
Reclamation accretion expense	0.2	0.1
	<u>\$ 6.3</u>	<u>\$ 0.2</u>

Financing costs are largely comprised of interest incurred on the Company's Credit Facility, and amortization of deferred transaction costs. Prior to the start of commercial production on August 1, 2021, the interest, accretion and amortization of the transaction costs related to long-term debt was capitalized as borrowing costs to mine development within property plant and equipment, and expensed thereafter.

Change in fair value of derivatives

During the year ended December 31, 2021, the Company recognized a \$0.3 million loss on the change in fair value of various derivative liabilities within the Company's Facility and Callable Gold Stream (as defined below) compared to a \$16.6 million loss for the prior year. The Company revalues its derivative liabilities on a quarterly basis with changes in the derivative values resulting from changes in market volatility and future gold price assumptions.

Income tax recovery

During the year ended December 31, 2021, the Company recognized a deferred income tax recovery of \$2.1 million arising on the reversal of a flow-through share premium liability recognized in relation to the Company's May 2020 financing, as the expenditures were completed and renounced during the period.

Fiscal year-ended December 31, 2020 vs. fiscal period ended December 31, 2019

Net loss and comprehensive loss for the year ended December 31, 2020 totaled \$26.9 million, compared to \$21.8 million for the same period in the prior year.

The Company commenced surface exploration at the PureGold Mine Project in July of 2020 and had drilled approximately 21,417 metres by the end of the 2020 with two drill rigs encompassing 88 drill holes. The amount expensed in 2020, totaling \$6.6 million was consistent with budget for the year and relates only to exploration from surface outside of the known mineral reserve footprint of the PureGold Mine. Underground drilling completed during

the year was capitalized as a development cost as the drilling targeted known stope shapes for better resource delineation and potential stope expansion. The Company did not formally announce construction of the PureGold Mine until August of 2019. Prior to August 2019, all exploration activities and feasibility study costs were expensed as exploration and evaluation expenditures, resulting in a larger expense in 2019.

Wages, consulting and director fees totaled \$2.5 million and \$2.0 million for the years ended December 31, 2020 and 2019, respectively, reflecting increased staffing at the Company's head office in 2020 compared to 2019, salary increases year over year, and slightly higher annual bonuses paid in 2020 compared to 2019. In addition, the Company's director fees were increased in 2020 to address and reflect greater demands on director's time as the PureGold Mine was under construction.

Professional fees for the year ended December 31, 2020 totaled \$1.8 million compared to \$1.6 million in 2019, reflecting a slight increase as a result of fees paid for various business development activities that were not incurred in 2019.

Investor relations and communication expenditures totaled \$1.2 million in 2020, compared to \$0.8 million in 2019, reflecting increased costs of re-designing the Company's website, and undertaking promotional video production work that was not incurred in 2019, offset somewhat by savings due to scaled back travel for investor relations activities as a result of COVID-19.

Share-based compensation expenses totaled \$5.0 million in 2020 compared to \$1.4 million in 2019. Share-based compensation expense relates to stock option grants from current and previous periods in which stock options were granted to directors, employees, and consultants and current grants of RSUs and DSUs to employees and directors. In 2020, the Company's shareholders approved the DSU and RSU plans and as a result, employees and directors were granted RSUs and DSUs respectively, during 2020, in addition to a smaller number of option grants compared to the prior year. The issuance of RSUs and DSU's during 2020, significantly impacted the share-based compensation expense in 2020, compared to 2019.

During the year ended 2020, the Company realized foreign exchange gains of \$6.7 million, compared to a gain of \$0.2 million in 2019, as a result of significant weakening of the US\$ in 2020 compared to the prior year. The gains on foreign exchange arose as a result of the effect of changes to the United States dollar versus Canadian dollar exchange rate on the Company's Facility and Callable Gold Stream, partially offset by the effect of changing exchange rates on the Company's United States dollar denominated cash balance.

For the same period in 2019, the Company had only a small balance of US\$ denominated assets and liabilities. For the year ended December 31, 2020, the Company recognized a \$16.6 million loss on the change in fair value of various derivative liabilities within the Company's Facility and Callable Gold Stream compared to a \$6.3 million for the prior year. The Company revalues its derivative liabilities on a quarterly basis with changes in the derivative values resulting from changes in market volatility and future gold price assumptions.

The net loss for the year ended December 31, 2020 was reduced due to a \$0.8 million deferred income tax recovery arising on the reversal of a flow-through share premium liability recognized in relation to the Company's March 2019 financing, as the expenditures were completed and renounced during the period.

Results for the fourth quarter of 2021 and 2020

	For the three months ended December 31, 2021		For the three months ended December 31, 2020	
Total Revenue	\$	15.9	\$	--
Mine operating loss		(13.2)		--
Exploration and evaluation		(0.1)		(3.6)
Corporate administrative costs		(2.5)		(6.7)
Interest and financing costs		(3.8)		(0.0)
Loss on change in fair value of derivative liabilities		(0.4)		(9.8)
Net loss and comprehensive loss for the period	\$	(17.8)	\$	(16.2)
Basic and diluted loss per common share	\$	(0.04)	\$	(0.04)

During Q4 2021 Company sold 7,100 ounces of gold at a weighted average price of U\$1,783 resulting in revenue of \$15.9 million. The Company made its first gold pour in December 2020, therefore, no similar revenue or mine operating costs were recognized in the same quarter in the prior year.

Exploration expenditures

The Company's exploration activities at the PureGold Mine Project during the quarter totaled \$0.1 million compared to \$3.6 million in 2020. Exploration is not expected to ramp up again until the second half of 2022 as the Company is focused on its development and ramp up of operations at the PureGold Mine.

Corporate administrative costs

Corporate administrative costs decreased from \$6.7 million in Q4 2020 to \$2.5 million in Q4 2021. Corporate administrative expenditures consist of wages, consulting and director fees, professional fees, corporate listing and filing fees, investor relations and communications expenses, and office costs.

	Three months ended December 31, 2021		Three months ended December 31, 2020	
Wages, consulting and director fees	\$	0.7	\$	1.1
Share-based payments		0.2		4.2
Professional fees		1.0		0.7
Investor relations		0.1		0.3
Office costs		0.1		0.2
Listing and filing fees		0.1		0.1
Depreciation		0.1		0.1

\$ 2.4	\$ 6.7
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Wages, consulting and director fees decreased from the same quarter in the prior year as a result of no annual cash bonuses paid in 2021 compared to 2020.

Share-based compensation expenses decreased from the same quarter in the prior year as a result of the timing of annual share-based compensation grants. The Company issued annual stock option, RSU and DSU grants to officers, directors and certain employees in December 2020, no similar grant was made in 2021.

Professional fees for Q4 2021 increased slightly when compared to the same period in the prior year, reflecting increased professional fees incurred with respect to the administration of the Company's Credit Facility in addition to higher IT consulting fees.

Interest and finance costs

	Three months ended December 31, 2021	Three months ended December 31, 2020
Credit Facility interest expense	\$ 3.4	\$ -
Deferred transaction costs amortization	0.1	-
Financing fees on leases	0.2	0.0
Reclamation accretion expense	0.1	0.0
	\$ 3.8	\$ 0.0

Financing costs are largely comprised of interest incurred on the Company's Credit Facility, and amortization of deferred transaction costs. Prior to the start of commercial production on August 1, 2021, the interest, accretion and amortization of the transaction costs related to long-term debt was capitalized as borrowing costs to mine development within property plant and equipment, and expensed thereafter.

Change in fair value of derivatives

During Q4 2021, the Company recognized a \$0.4 million loss on the change in fair value of various derivative liabilities within the Company's Facility and Callable Gold Stream compared to a \$9.8 million loss in the same quarter in the prior year. The Company revalues its derivative liabilities on a quarterly basis with changes in the derivative values resulting from changes in market volatility and future gold price assumptions.

Financial Position

The following financial data has been derived from our Annual Financial Statements for the years ended December 31, 2021, 2020, and 2019 (in millions of \$).

	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Current assets	\$ 21.3	\$ 55.2	\$ 71.6
Total assets	\$ 295.5	\$ 248.5	\$ 130.6
Current liabilities	\$ 43.2	\$ 35.9	\$ 8.2
Non-current liabilities	\$ 181.6	\$ 152.1	\$ 72.8
Cash dividends declared	\$ -	\$ -	\$ -

December 31, 2021 vs. December 31, 2020

Current assets decreased by \$33.9 million reflecting lower cash and accounts receivable balances in 2021, offset by increased inventories and prepaid expenses, compared to December 31, 2020.

Total assets increased by \$47.0 million to \$295.5 million at December 31, 2021, compared to \$248.5 million at December 31, 2020, reflecting the continued capitalization of operating costs during the first seven months of the year prior to commercial production, after which operating costs were then expensed.

Current liabilities at December 31, 2021 increased compared to December 31, 2020, reflecting increased current borrowing costs and current portion of the gold stream derivative liability. In 2021, we saw an increase in the flow-through premium liability resulting from the brokered offering in May 2021.

Non-current liabilities increased by \$29.5 million between December 31, 2020, and December 31, 2021, primarily due to an increase to the amount of loans and borrowings, reflecting the increased amount borrowed from Sprott Resource Lending Corp. ("Sprott"), and an increase to lease liabilities, reflecting the lease of additional equipment during 2021.

Shareholders' Equity

The Company completed a flow-through financing in May 2021, issuing 11,348,700 flow-through shares at a price of \$1.52 per share. Further, the Company issued 21,905,200 common shares pursuant to the September 28, 2021 financing at a price of \$1.05 per share and an additional 3,307,619 common shares pursuant to the October 15, 2021 financing at a price of \$1.05 per share.

During 2021, the Company issued 3,180,000 common shares on the exercise of employee stock options at a weighted average price of \$0.47 per share, and 3,100,499 common shares on the exercise of warrants at an exercise price of \$0.85.

Refer also to the discussion in this MD&A under the heading, "Outstanding Share Data". The Company has not declared any dividends since incorporation.

December 31, 2020 vs. December 31, 2019

Total assets increased from \$130.6 million at December 31, 2019 to \$248.5 million at December 31, 2020, primarily due to the drawdown of the full balance of the Facility totaling \$72.9 million, the receipt of \$18.8 million in cash on the exercise of outstanding share purchase warrants, a net \$14.0 million raised through a flow through equity issuance during the year and \$2.0 million received from the exercise of employee and director stock options. The Company capitalized \$114.0 million within Mineral properties, plant and equipment as construction and mine development expenditures and capital equipment purchases occurred during the year, funded by \$70 million from the cash balance at December 31, 2019 and \$44 million from cash received in the year. Offsetting these asset inflows was the outflow of cash used in operating activities of \$18.3 million.

Current liabilities increased by \$27.7 million to \$35.9 million at December 31, 2020 compared to \$8.2 million at December 31, 2019. Accounts payable and accrued liabilities increased by \$14.9 million due to an increase in the Company's ongoing construction activities at the PureGold Mine. Additionally, the Company's lease liability increased by \$4.9 million due to equipment leases entered into during 2020. The Company's current portion of the gold stream derivative liability increased by \$5.4 million reflecting the amount to be paid under the gold stream in the next 12 months based on current projected gold production.

Non-current liabilities increased by \$79.3 million between December 31, 2019 and December 31, 2020, primarily due to the draw-down of the remaining balance of the Facility and an increase in the gold stream derivative liability as a result of changes in market volatility and gold price assumptions in the valuation model, offset by foreign exchange impacts.

In addition, as the construction activities at the PureGold Mine continued during the year, the Company increased its provision for closure and reclamation to reflect an estimate of the closure costs for the changes due to the construction as well as a reduction in discount rate for future cash flows.

Summary of Quarterly Results

The following information is derived from and should be read in conjunction with the Annual Financial Statements of PureGold and the interim condensed financial statements for each of the past eight quarters which have been prepared in accordance with IFRS applicable to interim financial reporting including IAS 34.

For the three months ended (\$ million except per share data)

	Dec 2021	Sep 2021	June 2021	Mar 2021	Dec 2020	Sep 2020	Jun 2020	Mar 2020
Total revenue	\$16.0	\$15.9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mine operating expenses	\$29.1	\$21.9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate and administrative costs	\$2.5	\$1.4	\$1.9	\$5.2	\$10.3	\$4.9	\$1.4	\$1.7
Total comprehensive income (loss) for the period	\$(17.9)	\$(13.2)	\$(2.7)	\$(1.2)	\$(16.2)	\$(9.7)	\$(9.7)	\$8.7
Basic and diluted income (loss) per share	\$(0.04)	\$(0.03)	\$(0.01)	\$(0.00)	\$(0.04)	\$(0.02)	\$(0.03)	\$0.02

Effective August 1, 2021, the Company declared the PureGold Mine to be in commercial production and as a result started recognizing revenues and operating expenses on its Statement of Loss and Comprehensive Loss. Prior to commercial production, the Company's accounting policy capitalized operating expenses net of proceeds from gold sales, within Mineral Property costs on the balance sheet, reflected in the three months ended December 31, 2021 and September 30, 2021. During the three months ended December 31, 2021, operating expenses increased over the prior quarter as there was a full quarter of expensing operating costs, whereas the prior quarter only had two months post commercial production. The Company's corporate and administrative costs increased when compared to the prior quarter reflecting increases to professional fees

relating to higher IT related professional fees incurred as well as consulting costs incurred around the administration of the Company's Credit Facility, and professional fees incurred in respect of the annual audit. Share based compensation increased compared to the prior quarter as a result of a stock option grant in October 2021 to a director of the Company. Another significant area of variance, quarter over quarter is the recognition of finance costs relating to the Credit Facility included in comprehensive loss for the quarter. Prior to the start of commercial production, all interest and deferred transaction costs relating to the Credit Facility were capitalized as borrowing costs, this was just for one month in Q3 2021 as commercial production was achieved in August 1, 2021.

During the three months ended September 30, 2021, the Company's corporate and administrative costs fell, reflecting decreased investor relations costs as the Company focused on the PureGold Mine ramp-up and incurred lower professional fees as a result of decreased business development activities in the quarter.

The Company's corporate and administrative expenses for the quarter ended June 30, 2021, decreased by \$3.3 million compared to the quarter ended March 31, 2021, reflecting a reduced amount of exploration completed in the second quarter as the Company focused on its mining activities during ramp-up and a reduction in stock-based compensation as a fewer number of stock options were granted during the quarter. The increase in comprehensive loss for the quarter ended June 30, 2021, compared to March 31, 2021, also reflects a \$2.3 million loss on the revaluation of certain derivative liabilities reflecting a change in gold price assumptions and interest rates.

The Company's operating expenses for the quarter ended March 31, 2021, fell by \$5.1 million compared to the quarter ended December 31, 2020. The reduction is primarily a result of the large stock-based compensation expense incurred in December 2020 as a result of the stock option, RSU and DSU grants in the month. The total comprehensive loss for the quarter ended March 31, 2021, also reflects a lower gain realized on the revaluation of derivative liabilities in the quarter.

The Company's operating expenses increased by \$5.4 million in the three months ended December 30, 2020. The largest contributors to the increase were exploration and evaluation expenditures which increased by \$2.0 million reflecting the increased activity of surface drilling and exploration at the PureGold Mine property. In addition, share based compensation expense for the quarter totaled \$1.2 million reflecting the grant of fully vested stock options and DSU's to directors, partially vested RSUs to employees and unvested stock options to employees, during the quarter. The realized increase in the Company's share price over the period resulted in higher volatility weightings, leading to increased Black Scholes values for the options granted. In addition to the above, also affecting the net loss and comprehensive loss for the period, was a \$10.8 million loss on the revaluation of derivative liabilities, offset somewhat by a \$3.9 million foreign exchange gain as the US\$ continued to weaken during the quarter which benefited the Company as many of its long- term liabilities are denominated in US\$.

The Company's corporate and administrative expenses for the three months ended September 30, 2020, increased by \$3.5 million over the three months ended June 30, 2020. The Company's exploration activities ramped up in July 2020 and were \$2.7 million higher than in the three months ended June 30, 2020. Another significant area of variance, quarter over quarter is the recognition of changes in the fair value of certain financial derivative liabilities held by the Company. The Company realized a loss on the change in the fair value of derivatives of \$6.4 million for the quarter ended September 30, 2020, compared to a loss of \$10.9 million for the quarter ended June 30, 2020. As foreign exchange rates change period over period, the Company's foreign exchange gain or loss on its various financial assets and liabilities also changes. For the quarter ended September 30, 2020, the Company recorded a foreign exchange gain of \$1.5 million compared to a \$2.5 million gain for the quarter ended June 30, 2020.

The Company's corporate and administrative expenses for the quarter ended June 30, 2020, decreased compared to the total expenses for the quarter ended March 31, 2020. The Company incurred lower share-

based compensation expense as a result of a lower number of stock options vesting compared to the quarter ended March 31, 2020. Professional fees were lower during the quarter ended June 30, 2020, compared to March 31, 2020 as a result of annual audit fees incurred in the prior quarter that did not exist in the quarter ended June 30, 2020, as well as higher consulting fees incurred with the implementation of the Company's ERP software in preparation for mining operations at the PureGold Mine. The Company recognized a total net loss for the quarter ended June 30, 2020, compared to total net income for the quarter ended March 31, 2020 as a result of a \$10.9 million loss on the change in fair value of its derivative liabilities relating to the Facility and Callable Gold Stream, compared to a \$10.5 million gain on the change of fair value in the prior quarter. This was partially offset by a \$2.5 million foreign exchange gain largely attributed to the Company's Facility and Callable Gold Stream which are contracted in United States dollars.

Liquidity, Capital Resources and Going Concern

As at the date of this MD&A, the Company has approximately \$6 million in cash. The Company expects that it will need to seek additional financing in the next 30 days to continue to fund operations and to service outstanding debt. If such additional financing is not received in the short term, the Company will not be able to meet its obligations as they become due and result in a default under its debt obligations. In such circumstances, the Company could be required to take certain measures, including putting its mine on care and maintenance.

On August 7, 2019, PureGold secured a US\$90 million financing package for the PureGold Mine with Sprott (the "Financing"). The initial amount of the Financing, prior to the amendments discussed below, was comprised of a Credit Facility (the "Facility") for US\$65 million, and a US\$25 million callable gold stream (the "Callable Gold Stream").

The US\$90 million in proceeds from the Financing combined with existing cash on hand, fully funded the initial capital costs to develop the PureGold Mine. The Callable Gold Stream provided immediate cash to the Company allowing for the commencement of development activities ahead of finalizing our permit amendments. The Callable Gold Stream can be repurchased once the PureGold Mine is in production and generating cash flow.

As a direct result of the Company's shortfall in expected gold production and therefore cash generated from gold sales during 2021, the Company faced short-term liquidity issues as the development and ramp-up of the mining operation continues. To address its short-term capital concerns, on March 30, 2021, the Company reached a binding letter agreement with Sprott to amend the terms of the Facility (the "**Amendment**") to increase the amount available to the Company by a further US\$20 million, with US\$12.5 million drawn by the Company in April and the remaining US\$7.5 million drawn in June 2021, upon the satisfaction of certain conditions. The Amendment also provided for the deferral of cash interest payments until June 30, 2021, and minor changes to certain covenants. All other key terms and conditions of the Facility remained unchanged. In consideration of the Amendment, PureGold was required to pay Sprott an amount equal to 4% of the additional debt amount in shares. This was satisfied through the issuance of 714,229 common shares in June 2021. At December 31, 2021, and the date of this MD&A, the Company was in compliance with the Facility covenants.

In December 2021, and further amended in January 2022, the Company signed a second amendment (the "**Second Amendment**") to its Credit Facility, to defer certain working capital covenants as well as to include a temporary reduction of a minimum cash balance requirement, and deferral of the completion test from December 31, 2021 to June 30, 2022.

In addition to the above, the Company closed a \$17.3 million bought deal flow-through share financing on May 5, 2021, at a price of \$1.52 per share. The funds raised have been earmarked specifically for development of long-term infrastructure in the mine including development of the main ore haulage ways and must be spent

by December 31, 2021. At December 31, 2021, all qualifying expenditures had been incurred.

The Company then closed a \$23.0 million bought deal financing in September 2021 at a price of \$1.05 per Unit, followed by a \$3.5 million private placement in October 2021, with AngloGold Ashanti (“AngloGold”), the Company’s largest shareholder at a price of \$1.05 per Unit.

Subsequent to December 31, 2021, the Company closed a bought deal private placement and a non-brokered private placement raising gross proceeds of \$31.2 million. Pursuant to the brokered offering, the Company issued a total 26.4 million common shares of the Company at a price of \$0.53 per common share for aggregate gross proceeds of \$14 million. The private placement issued a total of 32.5 million common shares to AngloGold at a price of \$0.53 per common share for aggregate gross proceeds of \$17.2 million.

The Annual Financial Statements were prepared using international financial reporting standards that are applicable to a going concern which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

During the year ended December 31, 2021, the Company incurred a loss of \$34.9 million, used cash of \$16.8 million in operating activities and at period end, the Company had cash of \$8.5 million and a net working capital deficit of \$21.9 million. As discussed above, as a result of the Company’s shortfall in expected gold production and therefore cash generated from gold sales during 2021, subsequent to December 31, 2021, the Company raised an additional \$31.2 million through equity financings. The Company will need to obtain additional sources of funding in order to meet its current obligations and to finance ongoing operations at the Pure Gold Mine and to service the interest on its debt, for at least the next 12 months. The Company continues to pursue a number of options to improve its financial capacity. The Company is working collaboratively with its lending partner, Sprott, and with its financial and legal advisors to explore a variety of potential financing solutions. There can be no assurance that those efforts would be successful and should funding not be secured, the Company will not be able to meet its obligations as they become due and will result in a default under its debt obligations. These factors give rise to material uncertainties that may cast significant doubt on the ability of the Company to continue to meet its obligations as they come due and hence, the ultimate appropriateness of the use of accounting principles applicable to a going concern.

The Annual Financial Statements do not reflect adjustments to the carrying values of the assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

The Company’s risk exposure and impact on the Company’s financial instruments are summarized in note 26 of the Annual Financial Statements for the years ended December 31, 2021 and 2020.

Contractual Obligations

As at December 31, 2021, the Company had the following contractual obligations outstanding, which are expected to be settled as set out in the table (amounts in \$ millions. Amounts may not cross add due to rounding):

	Total	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5+ years
Loans and borrowings	\$152.7	\$20.4	\$25.9	\$30.0	\$28.0	\$48.4	\$--

Accounts payable and accrued liabilities	\$22.6	\$22.6	-	-	-	-	-
Production linked payments	\$6.0	\$0.5	\$1.0	\$1.4	\$1.7	\$1.3	-

Under the Amendment, interest was accrued and capitalized until June 30, 2021, and afterwards only capitalized at the discretion of the Lender or paid out quarterly. As at December 31, 2021, the Company had accrued US\$8.5 million in interest payable under the Facility. The Company is also obligated to pay Sprott the PPA (“PPA”), a fixed US\$10 per ounce production-linked payment on the first 500,000 ounces of gold produced from the PureGold Mine. As of December 31, 2021, the Company had paid or accrued as owing to Sprott a total of US\$0.3 million on 25,413 ounces of gold under the PPA.

The terms of the Callable Gold Stream require the Company to deliver gold or cash to Sprott in accordance with the terms of the agreement. In the event the Company does not deliver sufficient value over the life of mine (equal to the difference between the ounces of gold delivered times the difference in the spot price of an ounce of gold and 30% of the spot price) to Sprott to offset the US\$25 million received under the Callable Gold Stream, the balance must be paid in cash. As at December 31, 2021, the Company had paid or accrued as owing to Sprott a total of US\$1.6 million, representing approximately 1,271 ounces under the terms of the Callable Gold Stream.

Other than previously disclosed above, the Company has entered into an Amended Technical and Administrative Services Agreement (the “Oxygen Agreement”) with Oxygen Capital Corp. (“Oxygen”), a private company of which Mark O’Dea, a director and Sean Tetzlaff, a former officer of the Company, are shareholders. Pursuant to the Oxygen Agreement, and without limiting or abrogating the duties of PureGold’s President and Chief Executive Officer, Chief Financial Officer, or Corporate Secretary, Oxygen provides the Company:

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

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

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

The Oxygen Agreement is for an initial term of two years and shall be automatically renewed from time to time thereafter for an additional term of two years unless otherwise terminated. The Oxygen Agreement may be terminated by either party giving at least 180 days’ prior written notice of such termination subject to PureGold being liable for its share of committed lease costs and contractual obligations entered into on its behalf by Oxygen, as well as an amount equal to the average general and administrative monthly costs incurred under the Oxygen Agreement for the previous six month period, and any employee termination fees due under the Oxygen Agreement as a result of the termination as such term is defined under the Oxygen Agreement. The amount pertaining to the non-cancellable head office lease is included in the table below.

Agreement with First Nations

The Company entered into a Project Agreement with respect to the PureGold Mine with the Waubaskang and Lac Seul First Nations (The “**Project Agreement**”). The Project Agreement establishes a long-term, mutually beneficial partnership between PureGold and the First Nations. In turn, both First Nations acknowledge and support PureGold’s rights and interests in the development and future operation of the PureGold Mine. The Project Agreement provides for communication, cooperation, and collaboration between the First Nations and PureGold, and establishes a framework for support for current and future operations of the PureGold Mine and defines the long-term benefits for the First Nations.

Highlights of the Project Agreement include:

- Confirms the First Nations collaboration with PureGold in support of the operational permitting process for the PureGold Mine Project and all subsequent regulatory authorizations;
- Establishes a foundation for employment opportunities, direct contracting opportunities, and PureGold’s commitment and support for education and training initiatives;
- Confirms PureGold’s commitment to sustainable development, to protecting the environment, and direct support for environmental monitoring; and
- Provides for the issuance of 500,000 shares of PureGold to each First Nation (issued); and,
- Establishes future financial contributions by PureGold commensurate with production.

PureGold estimates the total cost of the Project Agreement, over the life of the PureGold Mine as outlined in the feasibility study, to be approximately \$14 million.

Leases

The Company leases assets such as office space and office and mining equipment. These assets are classified as Property, Plant and Equipment in the statement of financial position.

The Company’s lease with respect to its head office premises is paid by Oxygen pursuant to the Oxygen Agreement.

Below is a maturity analysis of the Company’s lease payments at December 31, 2021 (in \$ millions. Numbers may not add due to rounding):

	Up to 1 year	1 to 5 years	Total
Minimum lease payments	\$5.9	\$4.4	\$10.3
Finance charge	\$(0.4)	\$(0.1)	\$(0.5)
Total principal payments	\$5.5	\$4.3	\$9.8

The Company’s lease with respect to its head office premises includes variable payments that do not depend on an index or rate. As such, these payments have been excluded from the lease liability recognized in the statement of financial position. The Company expensed \$91 thousand of variable lease payments during the year ended December 31, 2021.

Surety Bonds

The Company has entered into an agreement with a third-party agent (the "Surety") with respect to the financial assurance obligations in its Closure Plan as filed with the Ministry of Energy, Northern Development and Mines ("MNDM") totaling \$21.3 million. The obligations associated with this instrument are generally related to performance requirements that the Company addresses through its ongoing operations. As specific requirements are met, the MNDM as beneficiary of the bonds will return the bonds to the issuing entity. As this instrument is associated with a property undergoing active development and future operations, it will remain outstanding until the earlier of the date that the Company has discharged its remediation obligations under its Closure Plan or determines to self-fund the underlying bonding obligations. The Company has agreed to indemnify the Surety against any and all losses, fees, costs and expenses of any kind and nature which the Surety might sustain or incur upon the execution of surety bonds issued.

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as defined by NI 51-102 requirements as at December 31, 2021, or as at the date hereof.

Proposed Transactions

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

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

Related Party Transactions

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

Oxygen Capital Corp

Oxygen is a private company partially owned by Mark O'Dea, a director and Sean Tetzlaff, a former officer of the Company. Oxygen provides technical and administrative services to the Company at cost, including providing some staff who are seconded to the Company, office facilities and other administrative functions. As at December 31, 2021, Oxygen holds a refundable deposit of \$0.4 million (December 31, 2020 - \$0.4 million), on behalf of the Company. During the year ended December 31, 2021, a total of \$1.9 million (2020 - \$1.8 million) was paid or accrued to Oxygen as a reimbursement of costs incurred by Oxygen on behalf of the Company. As at December 31, 2021, the Company has a payable amount to Oxygen of \$0.3 million (December 31, 2020 - \$0.1 million). This amount was paid subsequent to December 31, 2021.

Compensation of Key Management Personnel

Key management includes members of the Board, the President and Chief Executive Officer, the Chief Operating Officer, Chief Financial Officer & Corporate Secretary, the VP Business Development, VP of Exploration & Technical Services. The aggregate total compensation paid or payable to key management for employee services directly or via Oxygen is as follows (in millions of \$. Amounts may not add due to rounding):

	Year ended December 31, 2021	Year ended December 31, 2020
Salaries and other short-term employee benefits	\$ 1.7	\$ 1.7
Directors fees	0.5	0.5
Share-based compensation	2.0	5.2
Total	\$ 4.2	\$ 7.4

Accounting Standards Recently Adopted

The Company adopted Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 4 and IFRS 16 (the “Phase 2 Amendments”) effective on January 1, 2021. Interest rate benchmark reform (“Reform”) refers to a global reform of interest rate benchmarks, which includes the replacement of some interbank offered rates (“IBOR”) with alternative benchmark rates. The Phase 2 Amendments provide a practical expedient requiring the effective interest rate be adjusted when accounting for changes in the basis for determining the contractual cash flow of financial assets and liabilities that relate directly to the Reform rather than applying modification accounting which might have resulted in a gain or loss. In addition, the Phase 2 Amendments require disclosures to assist users in understanding the effect of the Reform on the Company’s financial instruments and risk management strategy.

The Company’s Credit Facility accrues interest at a floating rate equal to a base rate plus the greater of i) the London interbank offered rates (“LIBOR”) and ii) 2.50% per annum, and has not yet transitioned to alternative benchmark rates at the end of the current reporting period. The Company is working with the lenders to assess the potential alternatives to the use of the LIBOR.

Accounting standards issued not yet adopted during the year

On May 14, 2020, the International Accounting Standard Board (IASB) published a narrow scope amendment to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use. The amendment prohibits deducting from the cost of property, plant and equipment amounts received from selling items produced while preparing the asset for its intended use. Instead, amounts received will be recognized as sales proceeds and the related costs in profit or loss. The effective date is for annual periods beginning on or after January 1, 2022. During the fiscal year ended December 31, 2021, the Company capitalized \$24.6 million of proceeds received from gold sales. As a result of the adoption of the amendments to IAS 16, the Company will restate its comparative period balances, to reclassify the 2021 proceeds received from gold sales with associated cost of sales from mineral properties, plant and equipment, to mine operating loss on the statement of loss and comprehensive loss.

Significant Accounting Judgments, Estimates and Assumptions

In preparing its financial statements, the Company makes judgments in applying its accounting policies. In addition, the preparation of financial statements in conformity with IFRS requires the use of estimates that may affect the amounts reported and disclosed in the consolidated financial statements and related notes in future periods. These estimates are based on management’s best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ materially from the amounts included in the financial statements.

The following discusses the most significant accounting policy judgments and accounting estimates that the Company has made in the preparation of the financial statements including those that could result in a material effect in the next financial year on the carrying amounts of assets and liabilities.

Key accounting judgments

Impairment of non-financial assets

Assets are reviewed for an indication of impairment at each consolidated statement of financial position date

upon the occurrence of events or changes in circumstances indicating that the carrying value of the assets may not be recoverable. The determination requires significant judgment. The review of impairment indicators includes consideration of both external and internal sources of information. Factors that could trigger an impairment review of mineral properties, plant and equipment include, but are not limited to, significant negative industry or economic trends including the price of gold, decrease in market capitalization, deferral of capital investments and/or future operating costs and production volumes.

Management has assessed impairment indicators for the Company's mineral properties, plant and equipment and concluded that no impairment indicators exist as of December 31, 2021.

Commercial Production

Prior to reaching pre-determined levels of operating capacity intended by management, costs incurred are capitalized as part of mine development costs within property, plant and equipment. Depletion of capitalized costs for mining properties begins when pre-determined levels of operating capacity intended by management have been reached. The determination of when a mine is in the condition necessary for it to be capable of operating in the manner intended by management (referred to as "commercial production") is a matter of significant judgment. Management considers several factors in determining when a mining property has reached levels of operating capacity intended by management, including:

- When the mine is substantially complete and ready for its intended use;
- The mine has the ability to sustain ongoing production at a steady or increasing level;
- The mine has reached a level of pre-determined percentage of design capacity;
- Mineral recoveries are at or near the expected production level, and;
- A reasonable period of testing of the mine, plant and equipment has been completed.

Commercial production will be achieved on the first day of the calendar month following achievement of the above milestones. Once in commercial production, the capitalization of certain mine development and construction costs cease. Subsequent costs are either regarded as forming part of the cost of inventory or expensed. However, any costs relating to mining asset additions or improvements or mineable reserve development are assessed to determine whether capitalization is appropriate.

The Company achieved commercial production on August 1, 2021.

Estimates and assumptions

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

Decommissioning, Restoration and Similar Liabilities

Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation costs. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements and constructive obligations and are measured at the present value of discounted cash flows for the estimated liabilities.

Carrying value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration and similar liabilities that may occur upon decommissioning of certain of the Company's assets. Such estimates are subject to change based on changes in laws and regulations and interpretations by regulatory authorities.

Fair value of derivatives and other financial liabilities

The valuation of the Company's derivative financial instruments requires the use of valuation techniques. Management uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Changes in these assumptions and estimates result in changes in the fair value of these instruments and a corresponding change in the amount recognized in net income (loss).

Valuation of inventory

All inventory is valued at the lower of average costs or net realizable value. Management is required to make various estimates and assumptions to determine the value of stockpiled ore, ore in process and finished goods inventory. The estimates and assumptions included surveyed quantities of stockpiled ore, in-process volumes, contained metal content, recoverable metal content, costs to recover saleable metal and metal prices. Changes in these estimates can result in changes to the carrying amounts of inventories and mine operating costs in future periods.

Risks associated with financial instruments

We are exposed to a variety of financial instrument related risks. The Board provides oversight for our risk management processes. The type of risk exposure and the way in which such exposure is managed is explained as follows:

Credit Risk

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

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

Liquidity Risk

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

As at December 31, 2021, the Company had not yet generated positive cash flows from operations. The Company has incurred negative cash flows from operations of \$16.8 million (2020 - \$18.3 million) and a loss of for year of \$34.9 million (2020 - \$26.9 million). At December 31, 2021, the Company had cash of \$8.5 million (2020 - \$44.9 million), amounts receivable of \$1.2 million (2020 - \$4.6 million), and a net working capital deficit of \$21.9 million. As a result of the Company's shortfall in expected gold production and therefore cash generated from gold sales during 2021, the Company obtained additional sources of funding through an amendment to its Facility, as well as equity financings. Subsequent to December 31, 2021, the Company raised an additional \$31.2 million through equity financings. The Company will need to obtain additional sources of funding in order to meet its current obligations and to finance ongoing operations and development at the Pure Gold Mine for at least the next 12 months. Should the Company not obtain additional sources of funding, the Company will not be able to meet its obligations as they become due, which will result in a default under

its debt obligations. In such circumstances, the Company could be required to take certain measures including putting the PureGold Mine on care and maintenance. The Company continues to pursue a number of options to improve its financial capacity. These factors give rise to material uncertainties that may cast significant doubt on the ability of the Company to continue to meet its obligations as they come due and hence, the ultimate appropriateness of the use of accounting principles applicable to a going concern. See further discussion under “**Liquidity, Capital Resources and Going Concern**”.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash and short-term investments include deposits which are at variable interest rates. The Company does not believe it is exposed to material interest rate risk on its cash and short-term investments.

The Company is exposed to interest rate risk due to the floating rate interest on the Facility. For the year ended December 31, 2021, an increase of 25 basis points in market interest rates would result in approximately \$34 thousand in additional interest payable on the Facility.

Foreign Currency Risk

Currency risk is the risk that the fair values or future cash flows of the Company’s financial instrument will fluctuate because of changes in foreign exchange rates. The Company also holds cash and cash equivalents that are denominated in US dollar currencies which are subject to currency risk. Accounts payable and other current and non-current liabilities may be denominated in US dollars. The Company is further exposed to currency risk through non-monetary assets and liabilities and tax bases of assets, and liabilities. Changes in exchange rates give rise to temporary differences resulting in a deferred tax liability or asset with the resulting deferred tax charged or credited to income tax expense.

The following table shows the impact of a plus or minus 10% change in the USD/CAD exchange rate on financial assets and liabilities denominated in US dollars for the year ended December 31, 2021.

Cash	\$	(0.5) million
Credit Facility	\$	11.6 million
Production Payment Agreement	\$	0.5 million
Callable Gold Stream	\$	4.3 million

Fair Value Estimation

Fair value is based on available public market information or, when such information is not available, estimated using present value techniques and assumptions concerning the amount and timing of future cash flows and discount rates which factor in the appropriate credit risk.

All financial instruments for which fair value is recognized or disclosed are categorized within a fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority. The three levels of the fair value hierarchy are described below:

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

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or

indirectly, for substantially the full term of the asset or liability.

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

At December 31, 2021, the carrying amounts of cash, short-term investments, interest receivable, deposits, reclamation deposits, accounts payable, and accrued liabilities are considered to be a reasonable approximation of their fair values, due to their short-term nature.

At December 31, 2021, the fair values of the embedded derivatives in the Facility and the Gold Stream were determined using Level 3 inputs.

The fair value of the embedded derivatives in the Facility was determined using the Hull-White valuation model. Key inputs include: the US dollar swap curve and the Company's credit spread and the Company's life of mine production profile.

The fair value of the Gold Stream was determined using a discounted cash flow model. Components to fair value at each reporting date include:

- Change in the risk-free interest rate
- Change in the Company's credit spread
- Change in any expected ounces to be delivered
- Change in expected future metal prices
- Life of mine production profile

A 1% change in discount rate would have a \$1.5 million impact on the fair value of the Gold Stream derivative. A 1% change in gold price would have a \$0.44 million impact on the fair value of the Gold Stream derivative.

Management of Capital

PureGold considers the items included in the statement of shareholders' equity as capital. Management of the Company manages the capital structure and adjusts in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares or return capital to shareholders. The Company does have minimum working capital requirements required under the Facility.

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

Outstanding Share Data

PureGold's authorized capital is unlimited common shares without par value. As at March 30, 2022, the following common shares, stock options, Restricted Share Units and Deferred Share Units were outstanding:

	# of Shares	Exercise Price	Expiry Date
Issued and Outstanding Common Shares	500,588,212	N/A	N/A

Stock Options	81,666	\$0.54	March 31, 2021
	4,250,000	\$0.49	December 15, 2022
	133,334	\$0.54	May 6, 2024
	250,000	\$0.64	November 18, 2024
	4,500,001	\$0.74	December 13, 2024
	350,000	\$0.77	February 19, 2025
	1,860,000	\$2.84	December 17, 2025
	400,000	\$2.60	January 1, 2026
	350,000	\$0.97	October 27, 2026
	4,400,000	\$0.70	February 17, 2027
830,000	\$0.75	March 17, 2027	
Deferred Share Units	1,078,306	Not applicable	
Restricted Share Units	544,508	Not applicable	December 31, 2023
	200,000		October 27, 2024
	2,600,000		February 17, 2025
	813,000		March 17, 2025
Warrants	31,777,501	\$0.85	July 18, 2022
	10,952,600	\$1.36	March 28, 2023
	1,653,810	\$1.36	March 28, 2023
Fully Diluted	567,612,938		

Industry and Economic Factors That May Affect Our Business

Economic and industry risk factors that may affect our business, in particular those that could affect our liquidity and capital resources, are as described under the heading "Risk Factors" in our AIF dated March 30, 2022, available on the Company's SEDAR profile at www.sedar.com. In particular, there are currently significant uncertainties in the global economy, increased volatility and general changes in the prices of gold and other precious metals which may impact our business going forward including those uncertainties created by the COVID-19 pandemic.

On March 11, 2020, the World Health Organization ("WHO") assessed COVID-19 as a pandemic. The effect of the COVID-19 virus and the actions recommended to combat the virus are changing rapidly.

To date, the Company has been minimally affected by COVID-19. Overall, the key risks related to the PureGold Mine currently relate to (a) the procurement of goods and potential supply chain issues and (b) impact to both site-based personnel and head office personnel.

In January 2022, the Company announced that proactive measures had been taken in response to a small but increasing number of positive Covid-19 cases at the Company's PureGold Mine. The Company has followed stringent screening, hygiene, testing, and contact tracing protocols since the outset of the pandemic and has an exemplary record to date. For a temporary period, administrative staff were working remotely where possible and other on-site staff had been reduced to essential workers only. The temporary restrictions of working remotely have subsequently been lifted. The Company continues to operate its business and proceed with operations of the PureGold Mine with carefully managed COVID-19 based restrictions designed to protect communities and employees, including quarantining, testing, ensuring physical distancing and providing additional protective equipment.

While there have been minimal impacts to date, should the Company's personnel be directly impacted by COVID-19, it may result in delays to reaching cash flow projections, depending upon the extent of infection to mine staff. There are numerous examples of mines being shut down for extended periods because of COVID-19. If this were to occur, the Company has minimal cash resources to outlast an extended shutdown and the Company would need to take actions to immediately reduce cash outflows, including temporary layoffs which would directly affect production of

gold.

In addition, the actual and threatened spread of COVID-19 globally could continue to negatively impact stock markets, including the trading price of the Company's Common Shares, and could adversely impact the Company's ability to raise additional capital, if needed. Any of these developments, and others, could have a material adverse effect on the Company's business and results of operations.

Legal Matters

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

Management's Responsibility for the Financial Statements

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

Subsequent Events Not Otherwise Described Herein

Subsequent to December 31, 2021, other than already indicated above :

- On February 15, 2022, the Company completed a brokered and a concurrent non-brokered equity financing, whereby the Company issued a total of 58,948,000 common shares of the Company at a price of \$0.53 per common share of the Company for total proceeds of \$31.2 million.
- On February 17, 2022, the Company granted a 4,400,000 stock options and 2,600,000 RSU's to certain employees of the Company. The stock options have an exercise price of \$0.70.
- On March 17, 2022, the Company granted 830,000 stock options and 939,100 RSUs to certain employees of the Company. The stock options have an exercise price of \$0.75.
- A total of 75,000 stock options and 372,226 RSUs were exercised for total proceeds of \$37 thousand.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for the design of PureGold's internal controls over financial reporting ("**ICFR**") as required by National Instrument 52-109—Certification of Disclosure in Issuers' Annual and Interim Filings ("**NI 52-109**"). ICFR is intended to provide reasonable assurance regarding the preparation and presentation of material financial information for external purposes in accordance with applicable generally accepted accounting principles. Internal control systems, no matter how well designed, have inherent limitations. PureGold's officers certify the design of PureGold's ICFR using the Internal Control – Integrated Framework (2013) issued by The Committee for Sponsoring Organizations of the Treadway Commission. Based on a review of its internal control procedures at the end of the period covered by this MD&A, management has determined that the Company's internal controls over financial reporting have been effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. During the year ended December 31, 2020, PureGold began the implementation of a new ERP system which continued into 2021. The implementation of that system is expected to, among other things, improve user access security and automate a number of accounting, back office and reporting processes and activities, thereby decreasing the number of manual processes previously required. Except for the implementation of the new system, there were no changes to the internal controls over financial reporting that occurred during the year ended December 31, 2021, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

However, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness in future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Disclosure Controls and Procedures

Disclosure controls and processes have been designed to ensure that information required to be disclosed by PureGold is compiled and reported to management as appropriate to allow timely decisions regarding required disclosure. PureGold's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation as of December 31, 2021, that the disclosure controls and procedures are effective in providing reasonable assurance that material information related to PureGold is made known to them by employees and third-party consultants working for PureGold and its subsidiaries. There have been no significant changes in our disclosure controls and procedures during the year ended December 31, 2021.

While PureGold's Chief Executive Officer and Chief Financial Officer believe that our disclosure controls and processes will provide a reasonable level of assurance and that they are effective, they do not expect that the disclosure controls and processes will prevent all errors and frauds. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Scientific and Technical Disclosure

Except for the PureGold Mine Project, the Company's other projects and those in which we have an interest are early stage and do not contain any mineral resource estimates as defined by NI 43-101.

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

"Madsen Gold Project Technical Report Feasibility Study for The Madsen Deposit, Red Lake, Ontario, Canada ", effective February 5, 2019, and dated March 21, 2019, and revised July 5, 2019, filed under the Company's profile on SEDAR at www.sedar.com and available on the Company's website at www.puregoldmining.ca (the "**Technical Report**").

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

Our Disclosure Documents were in part prepared by or under the supervision of an independent QP. Readers are encouraged to review the full text of the Disclosure Documents which qualifies the Technical Information. Readers are advised that mineral resources that are not mineral reserves do not have demonstrated economic viability.

Philip Smerchanski, P.Geo, PureGold's VP Exploration and Technical Services, is the Company's QP for the purposes of NI 43-101 and has reviewed and validated that the scientific or technical information contained in this MD&A related to the PureGold Mine Technical Report, is consistent with that provided by the independent QPs responsible for preparing the PureGold Mine Technical Report and has verified the technical data disclosed in this document relating to those projects in which the Company holds an interest. Mr. Smerchanski has consented to the inclusion of the Technical Information in the form and context in which it appears in this MD&A.

Cautionary Notes Regarding Forward-Looking Statements

This MD&A, contains “forward-looking information” and “forward-looking statements” within the meaning of applicable securities laws, which include, but are not limited to, statements or information concerning, future financial or operating performance of PureGold and its business, operations, cash flows and properties and statements with respect to those that address potential quantity and/or grade of minerals, future effect of the COVID-19 pandemic, potential size and expansion of a mineralized zone, proposed timing of exploration and development plans, the growth potential of the PureGold Mine Project (as defined below) and opportunities for scalability and expansion, the potential for Russet South, Fork and Wedge to be economically viable, planned mining methods, mineral processing and sources of power, expected annual production, potential profitability of the PureGold Mine Project at lower metal prices, expected capital costs, anticipated permitting requirements and timing thereof, expected development and production schedule, anticipated timeframe for becoming cash flow positive at the PureGold Mine, statements under the heading “*Outlook*”, timing of production guidance, completion of a global resource update,, potential conversion of inferred resources to measured and indicated resources, potential extension and expansion of mineral resources and the focus of the Company in the coming months, 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 new deposits and of future exploration, acquisition and development activities, estimated exploration budgets and timing of expenditures and community relations activities, requirements for additional capital; completion of expenditure obligations under an option agreement and earn-in agreements to which the Company is a party; government regulation of mining operations, environmental risks and reclamation expenses, title disputes, the ability to maintain exploration licences for its properties in accordance with the requirements of applicable mining laws in Canada; government regulation of exploration and mining operations; environmental risks, including satisfaction of requirements relating to the submissions and successful defense of environmental impact assessment (“EIA”) reports and other claims or existing, pending or threatened litigation or other proceedings, limitations of insurance coverage, future issuances of Common Shares to satisfy earn-in obligations or the acquisition of exploration properties, the timing and possible outcome of regulatory and permitting matters, the timing of an upgraded Technical Report, the effect of changes to mine planning and scheduling, the requirement for additional financing to continue operations, potential future mining facility expansions, and any other statement that may predict, forecast, indicate or imply future plans, intentions, levels of activity, results, performance or achievements, and involve known and unknown risks, uncertainties and other factors which may cause the actual plans, intentions, activities, results, performance or achievements of PureGold to be materially different from any future plans, intentions, activities, results, performance or achievements expressed or implied by such forward-looking statements and information. Except for statements of historical fact, information contained herein or incorporated by reference herein constitutes forward-looking statements and forward-looking information. Often, but not always, forward-looking statements and forward-looking information can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, “will”, “projects”, or “believes” or variations (including negative variations) of such words and phrases, or statements that certain actions, events, results or conditions “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved.

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

Forward-looking statements and forward-looking information are not guarantees of future performance and are based upon a number of estimates and assumptions of management at the date the statements are made including among other things, assumptions about future prices of gold, copper, silver, molybdenum and other metal prices, changes in the worldwide price of other commodities such as coal, fuel and electricity fluctuations in resource prices, currency exchange rates and interest rates, favourable operating conditions, political stability, obtaining governmental approvals and financing on time, obtaining renewals for existing licences and permits and obtaining required licences and permits, labour stability, stability in market conditions, availability of equipment, accuracy of any mineral resources and mineral reserves, successful

resolution of the challenges to the EIAs described in this MD&A, if any, anticipated costs and expenditures, the impact of the COVID-19 pandemic and our ability to achieve our goals. While we consider these assumptions to be reasonable, the assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks and uncertainties, contingencies and other factors that could cause actual performance, achievements, actions, events, results or conditions to be materially different from those projected in the forward-looking statements and forward-looking information. Many assumptions are based on factors and events that are not within the control of PureGold and there is no assurance they will prove to be correct.

Furthermore, such forward-looking statements and forward-looking information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or forward-looking information. Such factors include, among others: risks related to operations as a result of liquidity, the COVID-19 pandemic, general business, economic, competitive, political, regulatory and social uncertainties; temporary or permanent mine closure; disruptions or changes in the credit or securities markets and market fluctuations in prices for PureGold's securities; judgement of management when exercising discretion in their use of proceeds from a financing; potential dilution of Common Share (as defined below) voting power or earnings per share as a result of the exercise of stock options, restricted share units, deferred share units and share purchase warrants, future financings or future acquisitions financed by the issuance of equity; discrepancies between actual and estimated mineral reserves and resources; the Company is an exploration and development stage company with no history of pre-tax profit and no significant income from its operations and there can be no assurance that the Company's operations will be profitable in the future; changes in project parameters as plans continue to be refined; changes in labour costs or labour availability or other costs of production; possible variations of mineral grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry, including but not limited to environmental risks and hazards, cave-ins, 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; PureGold's ability to renew existing licences and permits or obtain required licences and permits; changes in government legislation and regulation; fluctuations in commodity prices; requirements for future funding to satisfy contractual obligations and additional capital needs generally; changes or disruptions in market conditions; market price volatility; the Company currently has a shareholder with greater than 10% holdings; uncertainties associated with minority interests and joint venture operations; risks associated with the Company's indemnified liabilities; increased infrastructure and/or operating costs; reclamation costs; the Company has limited operating history and no history of earnings; reliance on a finite number of properties; limits of insurance coverage and uninsurable risk; contests over title to properties; environmental risks and hazards; limitations on the use of community water sources; the need to obtain and maintain licences and permits and comply with laws and regulations or other regulatory requirements; competitive conditions in mineral exploration and mining business; the ability of the Company to retain its key management employees and shortages of skilled personnel and contractors; potential acquisitions and their integration with the Company's current business; influence of third party stakeholders; risks of litigation; the Company's system of internal controls; conflicts of interest; credit and/or liquidity risks; changes to the Company's dividend policy; the risks involved in the exploration, development and mining business generally; and the factors discussed in the section entitled "Risk Factors" in our AIF available on PureGold's SEDAR profile at www.sedar.com. Although we have attempted to identify important factors that could cause actual performance, achievements, actions, events, results or conditions to differ materially from those described in forward looking statements or forward-looking information, there may be other factors that cause performance, achievements, actions, events, results or conditions to differ from those anticipated, estimated or intended.

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

PureGold disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of

new information, future events or otherwise, except as required by applicable law. Readers should not place undue reliance on forward-looking information.

Note to United States Investors Concerning Estimates of Mineral Resource Estimates

Disclosure of mineral resource estimates and mineral classification terms herein are made in accordance with the Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects. NI 43-101 is a rule established by the Canadian Securities Administrators (“CSA”) that sets the standards for all public disclosure by issuers regarding scientific information and technical data concerning mineral projects. Unless otherwise indicated, all mineral resource estimates contained in the technical disclosure have been prepared in accordance with NI 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum Definition Standards on Mineral Resources and Reserves (“CIM Definition Standards”). Canadian standards, including NI 43-101, differ significantly from the historical requirements of the United States Securities and Exchange Commission (“SEC”), and mineral resource information contained or incorporated by reference in this management’s discussion and analysis may not be comparable to similar information disclosed by U.S. companies. The SEC has adopted amendments to its disclosure rules to modernize the mineral property disclosure requirements for issuers whose securities are registered with the SEC. These amendments became effective February 25, 2019 (the “SEC Modernization Rules”) and, following a two-year transition period, the SEC Modernization Rules replaced the historical property disclosure requirements for mining registrants that are included in SEC Industry Guide 7 for fiscal years beginning January 1, 2021 or later.

Under the SEC Modernization Rules, the definitions of “proven mineral reserves” and “probable mineral reserves” have been amended to be substantially similar to the corresponding CIM Definition Standards and the SEC has added definitions to recognize “measured mineral resources”, “indicated mineral resources” and “inferred mineral resources” which are also substantially similar to the corresponding CIM Definition Standards; however, there are still differences in the definitions and standards under the SEC Modernization Rules and the CIM Definition Standards. Therefore, the Company’s mineral resources as determined in accordance with NI 43-101 may be significantly different than if they had been determined in accordance with the SEC Modernization Rules.

Approval

The Audit Committee of the Board of Directors of Pure Gold has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

Additional Information

Additional information relating to Pure Gold can be obtained on the SEDAR website at www.sedar.com or by contacting:

Pure Gold Mining Inc.

Attention: Troy Fierro, President and Chief Executive Officer Suite 1900 - 1055 West Hastings Street
Vancouver, BC, Canada V6E 2E9 , Tel: (604) 646-8000, Fax: (604) 632-4678

Website: www.puregoldmining.ca Email: info@puregoldmining.ca

PURE GOLD MINING INC.

/s/ “Troy Fierro”

Troy Fierro

President and Chief Executive Officer

PURE GOLD MINING INC.

/s/ “Chris Haubrich”

Chris Haubrich

VP Business Development and Chief Financial Officer