Pure Gold Mining Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2021

Dated May 14, 2021

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This Management's Discussion and Analysis (the "**MD&A**"), dated as of May 14, 2021, is for the first quarter ended March 31, 2021 and should be read in conjunction with the unaudited condensed interim financial statements, including the related notes thereto, for the three months ended March 31, 2021 (together, the "**Interim Financial Statements**"), as well as the audited consolidated financial statements, including the related notes thereto, for the fiscal years ended December 31, 2020 and 2019 (together, the "**Annual 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, 2020 dated March 31, 2021 (the "**AIF**"), available under Pure Gold's profile on SEDAR at www.sedar.com.

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. 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 Darin Labrenz, P. Geo, President & CEO 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.

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. All dollar amounts stated in this MD&A are expressed in Canadian dollars ("$") unless noted otherwise.

First Quarter 2021 Highlights and Significant Subsequent Events

During the first quarter of fiscal 2021 and up to the date of this MD&A, the Company continued to ramp up production at the PureGold Mine Project (the "**PureGold Mine Project**" or "**PureGold Mine**") and initiated steps to obtain additional capital to see the Company through to commercial production, as follows:

- On May 12, 2021, the Company announced significant operational improvements at the Puregold Mine, including significant improvements in grade and tonnes mined and milled, compared to that of the first quarter[1].On May 5, 2021, the Company closed a bought deal financing with a group of underwriters, whereby the Company sold 11,348,700 flow-through common shares ((the "**Flow-Through Shares**") for aggregate gross proceeds of $17.3 million (the "**Offering**"). The Flow-Through Shares were priced at $1.52 per Flow-Through Share. The funds will be used to advance the main haulage ways and other long term mining infrastructure of the PureGold Mine and must be spent by December 31, 2021.

- On March 31, 2021, to address the need for additional liquidity as a result of operational issues encountered during the first quarter, the Company reached agreement with its lender, Sprott

[1] See press release dated May 13, 2021 available on the Company's website at www.puregoldmining.ca or under the Company's SEDAR profile at www.sedar.com.

Lending Corp. ("**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 received in April 2021 and the remainder to be available upon satisfaction of certain conditions (see further discussion under **Liquidity and Capital Resources** below), including those that are satisfied by the above noted equity financing.

- During the quarter, the Company processed 48,404 tonnes of ore through the mill at an average grade of 2.86 g/t. Recoveries averaged 95.2% for an estimated 4,233 ozs produced. The Company sold 3,100 ozs during the quarter at an average price of US$1,780 for gross proceeds of US$5.5 million.

Outlook

The Company expects to continue to ramp up production at the PureGold Mine until declaring commercial production expected by the end of the second quarter of 2021. 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 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
- the completion of a reasonable period of testing of the mine plant and equipment.

Commercial production will be declared 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 capitalised.

The PureGold Mine Project comprises in excess of 4,600 hectares of primarily patented mineral claims in the prolific Red Lake gold district of Northwestern Ontario and hosts two significant former gold producers including the PureGold Mine which had previous gold production of 2.5 million ozs[2].

Now that the Company is nearing completion of construction and nearing commercial production, it can turn its attention to other key opportunities identified to enhance the PureGold Mine Project over the project life including:

- Potential expansion of the PureGold Mine resource, through application of the Company's geologic model to target extensions to the known resource, including:
    - Potential conversion of the inferred resources in the PureGold Mine deposit to measured and indicated, currently totalling 241,000 ozs of gold (0.9 million tonnes at 8.4 g/t gold);
    - High-grade 8 Zone expansion potential beyond the reserve scheduled to commence mining in year four of operations;
    - Potential depth extensions of the PureGold Mine deposit which remains open at depth and along strike;

[2] Historic drill hole results and production figures and other details from the Mine and Starratt-Olsen mine disclosed in this document were completed prior to the implementation of NI 43-101. A full discussion and cautionary language can be found in the Mine Technical Report (as defined below), which can be found on PureGold's website at www.puregoldmining.ca or profile on SEDAR at www.sedar.com.

- Continue exploration at Russet South, Fork, Wedge and other targets across the +5-kilometre mineral system in place at the PureGold Mine property, where strong potential exists for continued growth;
- Review and optimization of the mine plan with an opportunity for additional mine flexibility, potential for increased milling rates and annual gold production; and

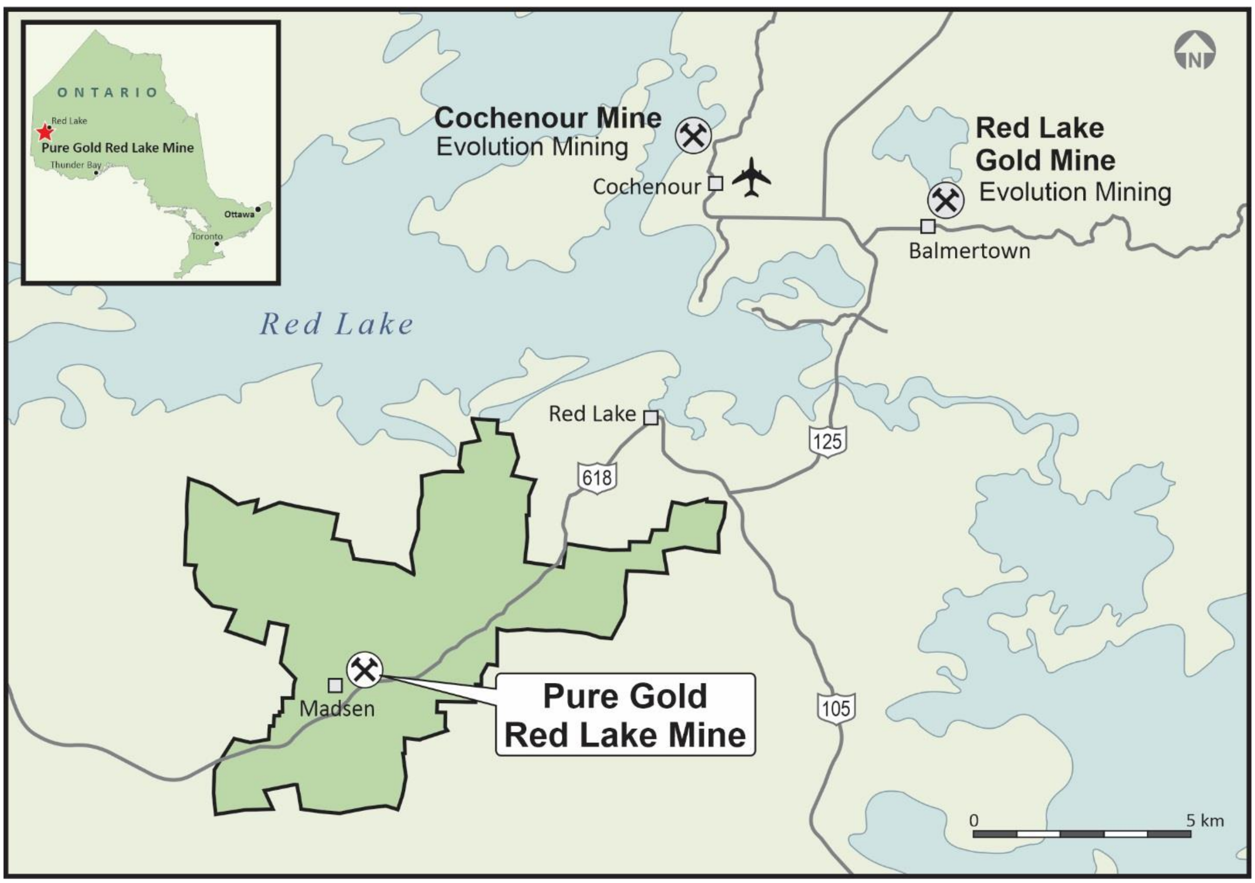
- In addition, the Company plans to begin a search for new projects that may be available for acquisition to enhance shareholder value.

With the Fork, Russet South, and Wedge zones and the recent target identified up-dip of the 8-Zone, PureGold has the potential to either add mine life or improve annual production throughput at the PureGold Mine with positive results from further exploration and development. Subject to availability of funds, the Company plans to continue exploring these zones to potentially define further mineralization and upgrade the resource classification with the goal of determining the feasibility of adding production from these zones to the PureGold Mine production profile, as early as practical, in the mine life.

The Company plans to complete a resource update to include drilling completed over the last two years, since completion of the feasibility study.

Overall Performance

PureGold Mine Project, Red Lake, Ontario



After a series of transactions in fiscal 2014 through 2017, the PureGold Mine property now 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 prolific Red Lake gold camp 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.

On February 11, 2019, PureGold announced the results of its feasibility study for the PureGold Mine deposit[3]. The feasibility study supports the development of a high-grade underground mining operation that benefits from significant mining, milling and tailings infrastructure already in place.

In December 2019, the basic detailed engineering phase of the project was completed, and JDS Energy and Mining Inc. ("**JDS**"), the chosen EPCM contractor, presented an updated capital budget totaling $127.1 million and Project schedule to the Company. A later re-forecast increased this to $141.3 million to reflect forecasted delays from Covid-19.

By the end of December 31, 2020, the Company had spent a total of $145.6 million on developing the underground and constructing surface facilities. This included an additional month of underground development added to the capital period which was originally considered either operating expense or sustaining capital. Despite the delay caused by Covid-19, the Company successfully met its goal of pouring gold by the end of the fourth quarter 2020.

As at March 31, 2021, the Company has incurred a total of $201.0 million in capitalized Mineral Property and Mine Development costs and Construction in Progress, including $9.8 million in capitalized borrowing costs, $3.3 million of capitalized depreciation, $1.0 million capitalized share-based payment, and net of $7.0 million in capitalized proceeds from sale of gold during the commissioning phase, a further $19.6 million in plant and equipment and $5.0 million in the cost of land. The Company's accounting policy is to continue to capitalize costs to the project, until commercial production is declared. A number of subsystems are scheduled for completion in early Q2 2021, including the hydraulic backfill plant, HVAC systems, and the Water Treatment Plant. The Company anticipates the cost to complete these remaining items as of March 31, 2021 at approximately $0.7 million.

During the quarter, the Company processed 48,404 tonnes of ore through the mill at an average grade of 2.86 g/t. Recoveries averaged 95.2% for an estimated 4,233 ozs produced. The low tonnes and head-grade, reflect ramp-up operational issues as discussed below and announced on March 31, 2021. The Company sold 3,100 ozs during the quarter at an average price of US$1,780 for gross proceeds of US$5.5 million.

Gold production during the first quarter of 2021 unfortunately did not meet expectations. Mill feed to March 31, 2021 came from the lower grade upper portion of the mine through both mine development as well as from three longhole stopes. The Company completed surveys of the first two stopes mined by longhole via the Main Ramp and determined that that significant overbreak occurred resulting in increased mine dilution and a reduction of grade from plan. Additionally, one of the three longhole stopes encountered a significant volume of non-mineralized dykes resulting in internal dilution. The Company is adjusting its blasting practices to reduce dilution from overbreak and is reviewing some planned stopes for conversion to mechanized cut and fill mining methodology. Additional drilling is being conducted on several stopes planned for early production and this has resulted in delays in access to high grade stopes.

[3] For further information refer to the press releases dated February 11, 2019 available on the Company's website at www.puregoldmining.ca or the Company's SEDAR profile at www.sedar.com.

Additionally, the timing of receipt of final permits resulted in reduced mine flexibility as fewer working faces were available during the first few months of operations, including from the Company's East ramp. As a consequence of the above factors, significant mill feed in the first quarter has been sourced from the Company's low-grade stockpiles.

Fortunately, the East ramp is now progressing ahead of the revised schedule and the Company expects to gain access to stopes accessible from the East portal in May 2021, which should significantly increase the mine flexibility through the addition of working faces, alleviating pressure on the Main Ramp to provide mill feed exclusively. The Company expects that increased development from the Main ramp, local use of a more selective mining method, and the addition of stopes from the East ramp will bring production back in line with plan.

The milling facility continued its ramp- up during the quarter. Since late January, the milling facility at the PureGold Mine has been operating on average at greater than 75% of nameplate capacity, including multiple consecutive days at greater than 800 tonnes per day (tpd) and a peak daily throughput of 897 tpd in March. Minor ramp-up issues first related to water balance and undersized pumps in January and more recently related to mis-calibrated power draw controls on the mill in early March, have been identified and solutions implemented effectively. Interstage screens for the CIP tanks and a trommel screen for the SAG discharge are scheduled to be installed in May which will further enhance operational stability and will position the milling facility for potential expansions beyond 800 tpd in the future. Gold recoveries have been tracking in line with expectations with both the gravity and CIP circuits performing well. Gold pours have continued on a regular basis during the entire commissioning period.

In April 2021, the Company saw improvements in grade as more working faces were established, but to meet reasonable mill throughput , the Company blended higher grade ores with low grade stockpiles. Gold production for the month of April is estimated at 1,706 gold ozs from 12,792 tonnes milled at an estimated head grade of 4.26 g/t and recoveries of 97.3%. The Company continues to ramp-up underground activities and anticipates significant improvements in tonnes and grade commencing May 2021 as more working faces are established.

The Company anticipates being in a position to provide further guidance for the balance of 2021 after commercial production is declared and mining plans are updated.

During 2021, the Company plans to complete a global resource update to incorporate drilling results since 2018 and plans to initiate the permitting process to increase mill throughput to at least 1,000 tonnes per day. The results of both initiatives may necessitate updating the global mine plan which would also be completed.

Surface Exploration activities

Surface exploration outside of the mine reserve footprint continued during the quarter with a total of 5,234 metres drilled to March 31. The Company has a remaining exploration budget of approximately $5.6 million from the original $15 million flow through financing raise in July 2020. The Company has elected to temporarily pause surface exploration activities to focus on underground definitional drilling. Surface exploration has been deferred until 2022.

<u>Other Mineral Property Interests</u>

Kinross completed a seven hole, 1,040 metre drill program during the quarter on the Van Horne project, in which the Company has a 30% joint venture interest.

Selected Financial Information

Management is responsible for the Interim Financial Statements referred to in this MD&A, and provides officers' disclosure certifications filed with the Canadian provincial securities commissions. The Audit Committee of the Company's Board of Directors has been delegated the responsibility to review and approve the Interim Financial Statements and MD&A.

The Interim Financial Statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*, and should be read in conjunction with Pure Gold's audited financial statements for the fiscal year-ended December 31, 2019 (the "Annual Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Results of Operations

The following financial data has been derived from our Interim Financial Statements for the three months ended March 31, 2021 and 2020, respectively:

		For the three months ended March 31, 2021		For the three months ended March 31, 2020
Total Revenue (net of selling costs)	**$**	**-** [1]	$	-
Exploration and evaluation expenditures	**$**	**(3,100,609)**	$	(91,695)
Net income (loss) for the period attributable to shareholders	**$**	**(1,200,603)**	$	8,656,762
Total comprehensive income (loss) for the period	**$**	**(1,200,603)**	$	8,656,762
Basic and Diluted Income (Loss) per Share	**$**	**(0.00)**	$	0.02

Notes:
(1) During the three months ended March 31, 2021, the Company earned $6,541,879 of proceeds from gold sales received pre-commercial production, which have been netted against Mineral Properties and Mine Development Costs until the Company reaches commercial production. See Note 8 of the Interim Financial Statements.

Three Months ended March 31, 2021 vs. Three Months ended March 31, 2020

Net loss and comprehensive loss for the three months ended March 31, 2021 totaled $1.2 million compared to net income and comprehensive income of $8.7 million for the same period in the prior year. The most significant contributors to the loss and income for the periods ended March 31, 2021 and 2020, respectively, were (i) exploration and evaluation expenditures, (ii) wages, consulting and director fees, (iii) professional fees, (iv) investor relations and communication, (v) office costs, (vi) share based compensation (vii) finance income, (viii) change in fair value of derivative liabilities, and, (ix) foreign exchange. Explanations for material variances period over period are described below.

The Company's exploration and evaluation expenditures at the PureGold Mine property during the three month period ended March 31, 2021 totalled $3.1 million compared to $0.1 million for the same period in the prior year. The Company did not have an active exploration program in the first quarter of 2020 as it focussed on its development activities at the PureGold Mine. During the three months ended March 31, 2021, the Company was actively drilling from surface with a total of 5,234 metres of drilling completed.

Wages, consulting and director's fees are on budget at $0.6 million for the three months ended March 31, 2021 compared to $0.5 million for the same period in the prior year, with the variance primarily reflecting an increase in annual salaries commencing January 1, 2021.

Professional fees for the three months ended March 31, 2021 fell to $0.1 million compared to $0.4 million in the prior year. In the first quarter of 2020, the Company incurred consulting costs on the implementation of the Company's Enterprise Resource Planning software system that were not required in 2021. In addition, ongoing in the first quarter of 2020, the Company incurred more monitoring fees paid to engineering and geological consultants in support of our Project Finance lenders review of activities at the PureGold Mine, than were incurred in 2021 as construction of the Project had been substantially completed in 2020.

Investor relations and communication expenditures totalled $0.4 million for the three months ended March 31, 2021 compared to $0.3 million for the same period in the prior year. The increase period over period reflects additional costs associated with the Company's new website and marketing initiatives in the first quarter after the first gold pour. In 2020, the Company was not actively marketing as a result of uncertainty around the Covid-19 pandemic.

Office costs totalled $0.3 million for the three months ended March 31, 2021, reflecting additional employer health taxes paid in the quarter, compared to the same period in the prior year.

Share-based compensation expense increased to $0.5 million for the three months ended March 31, 2021, compared to $0.2 million in the same period in the prior year, reflecting the recognition of additional expense associated with option grants in December 2020 and January 2021. Stock options previously granted to employees and consultants were subject to vesting restrictions over two and three year periods with the corresponding share-based compensation expense being recognized over these periods, while grants to directors vest immediately resulting in a corresponding expense being recognized in the period of grant.

Finance income, consisting of interest earned on cash deposits totalled $0.04 million for the first quarter of 2021, compared to $0.3 million for the same period in 2020, reflecting lower interest earned because of a smaller investable cash balance in 2021.

The most significant contributor to the net income for the period ended March 31, 2020 was a $10.5 million gain arising from the change in fair value of various derivative liabilities relating to the Company's Facility and Callable Gold Stream (as defined below). For the three months ended March 31, 2021, the Company recorded a $0.7 million gain on the change in fair value of derivative liabilities. The value of derivative liabilities changes as a result of changes in volatility estimates, gold price, and changes in credit spreads over time. See Notes 9 and 10 to the Interim Financial Statements for further information.

The Company recorded a $1.2 million foreign exchange gain for the three months ended March 31, 2021 compared to a loss of $1.2 million for the same period in the prior year. The US$ weakened during the quarter and with a larger US$ denominated liability balance than cash, the weakening US$ was positive for the Company.

Financial Position

The following financial data has been derived from our Interim Financial Statements for the three months ended March 31, 2021 and our Annual Financial Statements as at December 31, 2020.

	As at March 31, 2021		As at December 31, 2020	
Total assets	$	**244.6 million**	$	**248.5 million**
Current liabilities	$	**28.5 million**	$	**35.6 million**
Non-current liabilities	$	**153.5 million**	$	**152.1 million**
Cash dividends declared	$	**-**	$	**-**

Total assets fell slightly to $244.6 million at March 31, 2021 from $248.5 million at December 31, 2020, reflecting cash spent on corporate general and administrative and exploration evaluation activities during the quarter.

Current liabilities decreased by $7.1 million to $28.5 million at March 31, 2021 compared to $35.6 million at December 31, 2020, reflecting a decrease in current amounts owing on the Company leased equipment as the timing of lease payment has been pushed out, as well as the elimination of the flow-through premium liability which has been reclassified as non-current.

Non-current liabilities increased by $1.4 million between December 31, 2020 and March 31, 2021, primarily due to a change in the value of the Gold Stream derivative liability and an increase in the non-current portion of lease liabilities partially offset by a reduction in the provision for closure and reclamation, driven primarily by lower interest rates.

Shareholders' Equity

During the three months ended March 31, 2021, the Company issued 2,485,000 common shares pursuant to the exercise of warrants at a price of $0.85, 800,000 shares on the exercise of employee and director stock options at a weighted average price of $0.49 and 46,749 shares on the exercise of restricted share units.

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

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)								
	Mar 31, 2021	**Dec 31, 2020**	**Sep 30, 2020**	**Jun 30, 2020**	**Mar 31, 2020**	**Dec 31, 2019**	**Sep 30, 2019**	**Jun 30, 2019**
Total revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating expenses	$(5.2)	$(10.3)	$(4.9)	$(1.4)	$(1.7)	$(3.5)	$(5.7)	$(4.0)
Total comprehensive income (loss) for the period	$(1.2)	$(16.2)	$(9.7)	$(9.7)	$8.7	$(6.0)	$(8.8)	$(4.0)
Basic and diluted income (loss) per share	$(0.00)	$(0.04)	$(0.02)	$(0.03)	$0.02	$(0.01)	$(0.03)	$(0.02)

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. Wages and director fees increased by $0.2 million in the quarter, reflecting a slight increase of annual bonus rates to staff and professional fees increased by $0.4 million reflecting consulting fees paid in support of various business development matters during the quarter. 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 operating expenses for the three months ended September 30, 2020 increased by 228.5% 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. Professional fees also increased in the quarter ended September 30, 2020 reflecting fees paid in relation to certain corporate development opportunities investigated by the Company. 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 value of the liabilities can fluctuate significantly as the assumptions used in the various valuation models, such as estimates of market volatility, future gold price and foreign exchange rates, change over time. 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 operating expenses for the quarter ended June 30, 2020, decreased by 20% 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.

The Company's total expenses for the quarter ended March 31, 2020 decreased by 50% compared to the total expenses for the quarter ended December 31, 2019. The Company incurred significantly lower exploration costs when compared to the prior quarter as the Company did not have an active exploration program in the first quarter of 2020 as it focussed on its development activities at the PureGold Mine Project. Additionally, share-based compensation expense decreased as a result of a lower number of stock options vesting compared to the quarter ended December 31, 2019 as a result of the December 13, 2019 stock option grant. The Company recognized total net income for the quarter ended March 31, 2020 compared to a net loss in the prior quarter as a result of a $10.5 million gain on the change in fair value of its derivative liabilities relating to the Facility and Callable Gold Stream. This was partially offset by a $1.2 million foreign exchange loss of which $4.3 million was attributed to the Company's Facility and Callable Gold Stream which are held in US$, partially offset by a $3.1 million positive movement in the US$ / CDN$ exchange rate and its corresponding effect on US$ cash balances.

The Company's net loss and total expenses for the quarter ended December 31, 2019 decreased by 32% and 39%, respectively, compared to the net loss and total expenses for the quarter ended September 30, 2019, the Company incurred significantly lower professional fees when compared to the prior quarter as a result of the completion of a US$90 million financing package (the "**Financing**", and discussed below) in July 2019, which resulted in higher transaction costs leading up to the completion of the Financing. Additionally, the Company incurred lower exploration costs when compared to the prior quarter as the exploration drilling program at the Wedge, Fork and Russet South deposits completed during the quarter. These were partially offset by higher share-based compensation expense resulting from the December 13, 2019 stock option grant.

The Company's net loss and total expenses for the quarter ended September 30, 2019 increased by 119% and 41%, respectively compared to the net loss and total expenses for the quarter ended June 30, 2019. During the quarter ended September 30, 2019 The Company incurred significant professional fees relating to the completion of the Financing and various business development initiatives and realized a $3.3 million expense related to the change in fair value of various derivatives recognized on closing of the Facility and Callable Gold Stream that was not present in earlier quarters. The Company also recognized an additional expense in the quarter ended September 30, 2019, in regard to the common shares issued to the Lac Seul and Waubaskang First Nations.

Liquidity and Capital Resources

As at the date of this MD&A, the Company has approximately $25 million in cash offset by $11 million in accounts payable and accrued liabilities.

On August 7, 2019, PureGold secured a US$90 million financing package for the PureGold Mine with Sprott. The Financing is comprised of 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.

During 2020, the Company drew down the full amount of the US$65 million Facility (see further discussion below) and had no other facility available to it.

As a direct result of the Company's shortfall in expected gold production and therefore cash generated from gold sales during the first quarter of 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 remainder to be available for a period of three months after closing, upon satisfaction of certain conditions (detailed below). The Amendment also provides 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 remain unchanged. In consideration of the Amendment, PureGold is required to pay to Sprott an amount equal to 4% of the additional debt amount in shares.

The Lender will make available an additional US$0.50 of aggregate principal amount, up to a maximum of US$7.5 million, for every US$1.00 raised by the Company through the combination of equity offerings, the exercise of existing share purchase warrants, and/or the exercise of existing stock options.

Additional key terms of the Amended Agreement include:

- Interest rate, principal repayment schedule, 2% arrangement fee payable pro-rata on each drawdown, and fixed per ounce production-linked payment remain unchanged from the original Facility;

- No changes to the Callable Gold Stream or Purchase Price Agreement unless such changes are required to bring definitions in line with the Amendment;

- Interest may be capitalized up to and including June 30, 2021; thereafter, interest may only be capitalized at the discretion of the Lender; and

- Reduced minimum cash balance and working capital covenants for the balance of 2021

At March 31, 2021 and the date of this MD&A, the Company was in compliance with the Facility covenants.

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.

The Company believes that the additional equity funds raised, the additional funds received from Sprott and additional funds still available under the Amendment, will be sufficient to allow the Company to meet its ongoing obligations for at least the twelve months from March 31, 2021.

The Company's risk exposure and impact on the Company's financial instruments are summarized in note 18 of the Interim Financial Statements for the three months ended March 31, 2021.

Contractual Obligations

As at March 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	**$118.4**	$8.9	$13.5	$21.5	$22.3	$20.8	$31.4
Accounts payable and accrued liabilities	**$20.1**	$20.1	-	-	-	-	-
Production linked payments	**$6.3**	$0.9	$1.2	$1.1	$1.6	$1.4	$0.6

Under the Amendment, interest is now accrued and capitalized until June 30, 2021, and afterwards only capitalized at the discretion of the Lender or paid out quarterly. As at March 31, 2021, the Company has accrued US$4.5 million in interest payable under the Facility. The Company is also obligated to pay Sprott the PPA, a fixed US$10 per ounce production-linked payment on the first 500,000 ounces of gold produced from the PureGold Mine.

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.

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, an 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 or its Chief Financial Officer and 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.

<u>Agreement with First Nations</u>

The Company entered into a Project Agreement with respect to the PureGold Mine with the Waubaskang and Lac Seul First Nations. 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.

<u>Leases</u>

The Company leases assets such as office space and 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 March 31, 2021 (in $ millions):

	Up to 1 year	1 to 5 years	Total
Minimum lease payments	$2.7	$2.2	$4.9
Finance charge	$(0.32)	$(0.1)	$(0.40)
Total principal payments	**$2.4**	**$2.1**	**$4.5**

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 $28,680 of variable lease payments during the three months ended March 31, 2021 (2020 - $27,580).

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 is 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 March 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 is 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 one director and one 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 March 31, 2021, Oxygen holds a refundable deposit of $0.4 million (December 31, 2020 - $0.4 million), on behalf of the Company. During the three months ended March 31, 2021, a total of $0.6 million (three months ended March 31, 2020 - $0.6 million) was paid or accrued to Oxygen as a reimbursement of costs incurred by Oxygen on behalf of the Company. As at March 31, 2021, the Company held a payable amount to Oxygen of $0.2 million (December 31, 2020 - $0.1 million). This amount was paid subsequent to March 31, 2021.

Compensation of Key Management Personnel

Key management includes members of the Board, the President and Chief Executive Officer, the VP of Exploration, the VP of Operations, the Chief Financial Officer and the Corporate Secretary. 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):

	Three months ended March 31, 2021	Three months ended March 31, 2020
Salaries and short-term employment benefits	$0.4	$0.3
Director fees	$0.1	$0.1
Share-based compensation	$0.6	$0.2
Total	**$1.1**	**$0.7**

Significant Accounting Policies

The accounting policies and methods of application applied by the Company in the Interim Financial Statements are the same as those applied in the Company's audited financial statements for the year ended December 31, 2020.

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.

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 critical estimates and judgements that the Company's management has made in the process of applying the Company's accounting policies for the three months ended March 31, 2021, are consistent with those applied and disclosed in the Company's annual audited financial statements for the year ended December 31, 2020.

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. At March 31, 2021, the Company had cash of $11.6 million (December 31, 2020 - $44.9 million) and short-term investments of $0.2 million (December 31, 2020 - $1.5 million) to settle current liabilities of $28.5 million (December 31, 2020 - $35.9 million) and long term liabilities of $153.5 million, including advances under the Facility and Callable Gold Stream (December 31, 2020 – $152.1 million). At March 31, 2021 there was insufficient cash on hand to fund the Company's current commitments; however after the Amendment and the May 2021 equity raise, there is sufficient cash to meet obligations for at least the next 12 months.

As at March 31, 2021, the Company had not yet reached positive cash flows from operations. The Company has incurred negative cash flows from operations of $7.3 million (three months ended March 31, 2020 - $1.2 million) and a loss of for the three months ended March 31, 2021 of $1.2 million (three months ended March 31, 2020 – income of $8.7 million) and expects to incur further losses in carrying out its planned business objectives until positive cash flows are achieved through production of gold at the PureGold Mine.

The Company introduced the first ore to the mill in December 2020 and anticipates reaching commercial production by the end of Q2 of 2021.

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 three months ended March 31, 2021, an increase of 25 basis points in market interest rates would result in approximately $15,000 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.

During the three months ended March 31, 2021, the Company recognized a net foreign exchange gain of $1.3 million (three months ended March 31, 2020 – $1.2 million loss).

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 three months ended March 31, 2021:

Cash	$	(620,803)
Credit Facility	$	9,019,559
Production Payment Agreement	$	455,433
Callable Gold Stream	$	4,856,597

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.

At March 31, 2021, the carrying amounts of cash, short-term investments, amounts receivable, 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.

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 March 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 March 31, 2021 the fair values of the embedded derivatives in the Facility and the Gold Stream are 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 $1.7 million impact on the fair value of the Gold Stream derivative. A 1% change in gold price would have a $0.45 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 May 14, 2021 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	412,160,956	N/A	N/A
Stock Options	200,000 75,000 2,230,000 100,000 4,775,000 133,334 250,000 4,575,001 350,000 1,880,000 400,000	\$0.63 \$0.72 \$0.44 \$0.54 \$0.49 \$0.54 \$0.64 \$0.74 \$0.77 \$2.84 \$2.60	May 26, 2021 November 14, 2021 December 21, 2021 July 24, 2022 December 15, 2022 May 6, 2024 November 18, 2024 December 13, 2024 February 19, 2025 December 17, 2025 January 1, 2026
Deferred Share Units	1,078,306	Not applicable	
Restricted Share Units	1,013,451	Not applicable	December 31, 2023
Warrants	32,393,000	\$0.85	July 18, 2022
Fully Diluted	461,614,048		

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 31, 2021, 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. This assessment by the WHO was not unexpected given the virus had been circulating in various parts of the world. 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 and the Company's PureGold Mine is located in a jurisdiction which has seen relatively few cases of 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 (c) impact to both site-based personnel and head office personnel.

As the Company is ramping up to commercial production, should the Company's personnel be directly impacted by COVID-19, it may result in delays to reaching this milestone, 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

There were no subsequent events of financial significance occurring after March 31, 2021 other than those disclosed above.

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. 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 three months ended March 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 March 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 three months ended March 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.

The disclosure in this MD&A has been made in accordance with NI 43-101. NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. These standards differ significantly from the disclosure requirements of the SEC. Additional disclosure and cautionary notes relating to the PureGold Mine are summarized in our AIF, available on PureGold's SEDAR profile at www.sedar.com.

The SEC's disclosure standards normally do not permit the inclusion of information concerning "measured mineral resources", "indicated mineral resources" or "inferred mineral resources" in documents filed with the SEC, unless such information is required to be disclosed by the law of the Company's jurisdiction of incorporation or of a jurisdiction in which its securities are traded. Consequently, mineral resource and mineral reserve information contained in this MD&A is not comparable to similar information that would generally be disclosed by U.S. companies in accordance with the rules of the SEC.

The SEC's Industry Guide 7 applies different standards in order to classify mineralization as a reserve. As a result, the definitions of proven and probable reserves used in NI 43-101 differ from the definitions in Industry Guide 7. Under SEC standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Accordingly, mineral reserve estimates contained in this MD&A may not qualify as "reserves" under SEC standards.

This MD&A uses the terms "measured mineral resources", "indicated mineral resources" and "inferred mineral resources" to comply with the reporting standards in Canada. The SEC's Industry Guide 7 does not recognize these terms and U.S. companies are generally not permitted to use these terms in documents they file with the SEC. Investors are cautioned not to assume that any part or all the mineral deposits in these categories will ever be converted into SEC defined mineral "reserves." Further, "inferred mineral resources" have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically.

Therefore, investors are also cautioned not to assume that all or any part of an inferred mineral resource exists. In accordance with reporting standards in Canada, estimates of "inferred mineral resources" cannot form the basis of feasibility or other economic studies, except in rare cases. In addition, disclosure of "contained ounces" or "contained pounds" in a mineral resource estimate is permitted disclosure under NI 43-101 provided that the grade or quality and the quantity of each category is stated; however, the SEC normally only permits issuers to report mineralization that does not constitute "reserves" by SEC standards as in place tonnage and grade without reference to unit measures. Accordingly, information concerning descriptions of mineralization and resources contained in this MD&A may not be comparable to information made public by US domestic companies subject to the reporting and disclosure requirements of the SEC.

Darin Labrenz, P.Geo, PureGold's President & CEO, 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. Labrenz 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 effect of the COVID-19 pandemic, 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, 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 to increase after-tax net present value to the PureGold Mine Project, the potential for Russet South, Fork and Wedge to be economically viable, planned mining methods, mineral processing and sources of power, expected annual production, potential profitability of the PureGold Mine Project at lower metal prices, expected capital costs, expected IRR, anticipated permitting requirements and timing thereof, expected development and production schedule, anticipated timeframe for declaring commercial production 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 defence 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 and the timing and possible outcome of regulatory and permitting matters 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 the COVID-19 pandemic, general business, economic, competitive, political, regulatory and social uncertainties; 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 Measured, Indicated and Inferred Resources

Mineral resources that are not mineral reserves do not have demonstrated economic viability. Mineral resource estimates do not account for mineability, selectivity, mining loss and dilution. It is reasonably expected that the majority of inferred mineral resources could be upgraded to indicated mineral resources with continued exploration; however, there is no certainty that these inferred mineral resources will be converted into mineral reserves once economic considerations are applied. The mineral resource estimates referenced in this MD&A use the terms "Indicated Mineral Resources" and "Inferred Mineral Resources". While these terms are defined in and required by Canadian regulations (under NI 43-101), these terms are not recognized by the U.S. Securities and Exchange Commission ("SEC"). "Inferred Mineral Resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. U.S. investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves. Accordingly, information contained in this MD&A will not be comparable to similar information made public by U.S. companies reporting pursuant to SEC disclosure requirements. PureGold is not an SEC registered company.

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: Darin Labrenz, 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/ “Darin Labrenz”
Darin Labrenz
President and Chief Executive Officer

PURE GOLD MINING INC.

/s/ “Sean Tetzlaff”
Sean Tetzlaff
Chief Financial Officer