Pure Gold Mining Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2021

Dated August 13, 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 August 13, 2021, is for the second quarter ended June 30, 2021 and should be read in conjunction with the unaudited condensed interim financial statements, including the related notes thereto, for the six months ended June 30, 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.

Highlights for the Second Quarter of 2021 and Significant Subsequent Events

During the three months ended June 30, 2021, and up to the date of this MD&A, the Company made significant progress in the development of and achieved a major milestone at its 100%-owned Pure Gold Mine Project ("**PureGold Mine**" or the "**Project**")). A summary of the highlights for the three months ended June 30, 2021, and subsequent period to date are as follows:

- On August 1, 2021, Pure Gold reached a major milestone when it declared that the PureGold Mine had reached commercial production;

- 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 and are to be spent on eligible Canadian Development expenses at the PureGold Mine, by December 31, 2021;

- In July, Dumas Mine Contracting ("**Dumas**") was contracted to advance the Main Ramp haulage way at the PureGold Mine in satisfaction of the Flow-Through Share expenditure obligation. The Main Ramp development is projected at a rate of 6.0 metres/day for the balance of 2021. In addition to improving access to high-grade ore in the near-term, the ramp development rates achieved to date coupled with the acceleration of the Main Ramp by Dumas, present an opportunity to bring forward underground drilling and development of the high-grade 8 Zone. Based on projected Main Ramp development rates from July 2021 onward, first access to 8 Zone ore is currently expected to be achieved by July 2024, approximately 8 months earlier than was envisioned in the Feasibility Study[1] ;

- 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 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 remaining US$7.5 million received in June 2021 upon satisfaction of certain conditions to raise additional equity financing.

- Underground drilling successfully confirmed stopes planned for mining in the second half of 2021 and identified new areas with potential to expand mineable inventory beyond known reserves close to existing development, highlights include 15.1 g/t Au over 5.6 metres and 33.1 g/t Au over 2.2 metres from the Main Ramp and 120.8 g/t Au over 1.0 metre and 21.4 over 2.0 metres from the East Ramp[2];

- First ore production from the East Ramp was achieved, with the first high-grade stopes from the east side of the mine coming online in early August;

- Arrival of interstage screens for CIP tanks and trommel screen for the SAG discharge which are currently being installed with completion expected in August, positioning the mill to potentially operate above design capacity in the second half of 2021 and beyond;

- For the six months ended June 30, 2021, the Company processed 94,717 tonnes of material at an average head grade of 3.5 g/t gold for total production of 10,075 ozs of gold. Head grades have continued to significantly improve during ramp-up to 4.2g/t gold for the three months ended June 30, 2021, while the month of July saw unreconciled head grades increase to 5.6 g/t including 6.9 g/t gold for the last two weeks of July as additional high-grade stopes were opened up in the mine. Recoveries for the six months ended June 30, 2021, averaged 95.3%. For the six months ended June 30, 2021, the Company sold a total of 9,756 ozs of gold at an average price of US$1,789.26 for total gold sales net of refining charges, of US$17,455,977.

Outlook

The Company continued its ramp up through July 2021 and declared commercial production on August 1, 2021, following a month where the PureGold Mine was determined to be substantially complete and ready for its intended use; had the ability to sustain ongoing production at a steady or increasing level with the ability to operate at its design capacity; had mineral recoveries at expected production levels and; had several months of testing of the mine plant and equipment, completed.

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[1] For further information, see the technical report titled "Madsen Gold Project Technical Report Feasibility Study for the Madsen Deposit Red Lake, Ontario, Canada" with an effective date of February 5, 2019, and dated July 5, 2019 (the "Feasibility Study"), for further information please see puregoldmining.ca, or under the Company's Sedar profile at www.sedar.com

[2] For further details see press release dated July 13, 2021, available on the Company's website at www.puregoldmining.ca or under the Company's Sedar profile at www.Sedar.com.

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[3].

Now that the Company has declared commercial production, it plans to turn its attention to other key opportunities identified to enhance the PureGold Mine Project over the project life including:

- Review and optimization of the mine plan including the potential for increased milling rates through the addition of new pumps, trommel and interstage screens in the mill;
- 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;
    - 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;
- 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.

Gold production for the second half of 2021, inclusive of July, is expected to be in the range of 27 – 32 koz Au with approximately 60% of that production expected in Q4 as grades and throughputs continue to increase toward the end of the year. Cash Costs[1] for the fourth quarter, the first full quarter of commercial production, are expected to be in the range of US$1,025 - $1,125 per ounce. AISC for the fourth quarter is expected to be in the range of US$1,600 - $1,750 per ounce.[4] Looking into 2022, production is expected to increase and Cash Costs and AISC are expected to fall significantly driven by higher grades and throughput coupled with decreased investment in capital development and other sustaining capital programs. This dynamic of increasing production and falling costs is expected to continue throughout 2022 and beyond as grades generally improve as mining progresses deeper and toward the 8 Zone as outlined in the 2019 Feasibility Study.[1]

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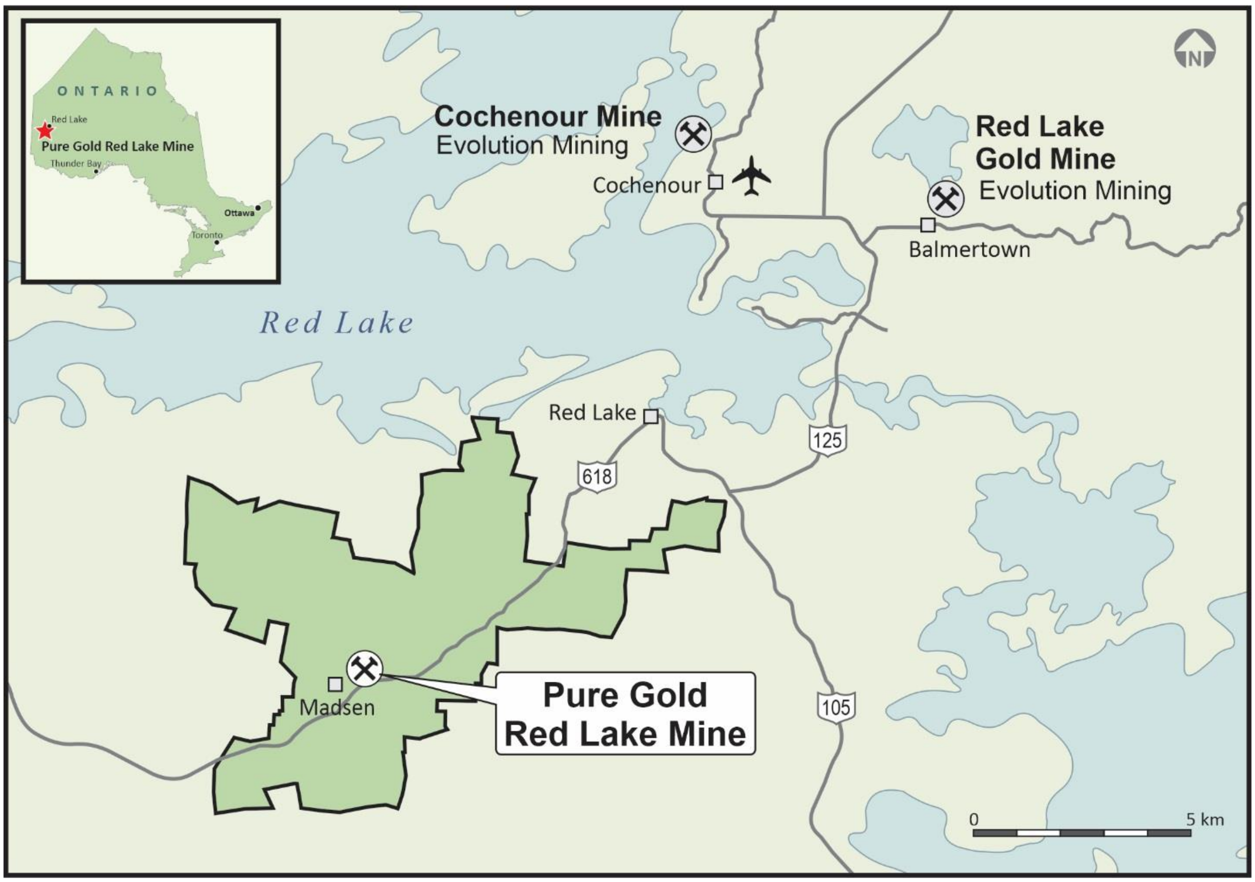
[3] Historic drill hole results and production figures and other details from the Mine and Starratt-Olsen mine disclosed in this document were completed prior to the implementation of NI 43-101. A full discussion and cautionary language can be found in the Mine Technical Report (as defined below), which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

For August through December 2021, the Company has planned to complete a number of capital projects including approximately $12.0 million in underground capital development including 1,525 metres of ramp development on the Main and East ramps, $6.9 million for mobile equipment and other surface infrastructure, $0.9 million for additional capital in the Mill to facilitate the ability to increase mill throughput and $1.2 million on a tailings dam lift and sheltering the water treatment plant.

With the accelerated ramp development as a result of the Company's required spending of the Flow-Through Share funds raised in May 2021, the Company anticipates being in a position, should additional funds be available, to target the high-grade 8-zone with further exploration drilling, by October 2021.

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[4]. 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.

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 six months ended June 30, 2021, as commercial production was not declared until August 1, 2021. As at June 30, 2021, the Company carried on its balance sheet a total of $250.8 million in capitalized Mineral Property and Mine Development costs and Construction in Progress, including $6.3 million in capitalized borrowing costs, $2.0 million of capitalized depreciation, $0.5 million of capitalized share-based payments, and net of $22 million in capitalized proceeds from sale of gold during the commissioning phase. The balance also includes a further $17.0 million in plant and equipment and $5.0 million in the cost of land.

During the six months ended June 30, 2021, the Company processed 94,717 tonnes of ore through the mill at an average grade of 3.57 g/t gold. Recoveries averaged 95.6% for an estimated 10,401 ozs of gold produced. The low tonnes and head-grade, primarily reflect ramp-up operational issues as discussed in the first quarter MD&A dated May 14, 2021[5], while the second quarter saw significant improvements and key milestones reached. Production highlights for the second quarter include[6]:

- Average daily throughput of 509 tpd for the quarter and 577 tpd for the month of June;
- Average daily ramp development rate for the Main and East Ramps of 5.2 metres and 4.5 metres per day for the second quarter, respectively, a new quarterly record for the Main Ramp and a 53% increase compared to the first quarter;
- A 46% increase in second quarter gold production compared to the first quarter;
- Average head grade of 7.0 g/t Au from all stopes mined during the second quarter; and
- Average head grade of 5.8 g/t Au for the high-grade portion of the mill feed, which includes all stopes mined plus high-grade development ore, a 51% increase compared to the first quarter and in line with expectations for the period.

Key de-risking milestones achieved in the second quarter include:

- Underground drilling successfully confirmed stopes planned for mining in the second half of 2021 and identified new areas with potential to expand mineable inventory beyond known reserves close to existing development, highlights include 15.1 g/t Au over 5.6 metres and 33.1 g/t Au over

[4] 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.

[5] See the Company's Management's Discussion and Analysis for the quarter ended March 31, 2021, dated May 14, 2021, available on the Company's website at www.puregoldmining.ca or under the Company's Sedar profile at www.Sedar.com.

[6] For further details see press release dated July 13, 2021, available on the Company's website at www.puregoldmining.ca or under the Company's Sedar profile at www.Sedar.com.

2.2 metres from the Main Ramp and 120.8 g/t Au over 1.0 metre and 21.4 over 2.0 metres from the East Ramp;

- First ore production from the East Ramp achieved, with the first high-grade stopes from the east side of the mine expected to come online in August;
- Ramp development contract awarded to Dumas to accelerate the Main Ramp development at a projected rate of 6.0 metres/day for the balance of 2021, beginning in July;
- Arrival of interstage screens for CIP tanks and trommel screen for the SAG discharge which are currently being installed with completion expected in August, positioning the mill to operate above design capacity in the second half of 2021 and beyond;
- Over 4,500 metres of diamond drilling in over 70 drill holes completed to further delineate planned production for the second half of 2021; and
- Continued excellent grade reconciliation for stopes mined to date with respect to the Mineral Reserves.[1]

In July 2021, the Company achieved an average daily throughput of 703 tonnes per day, a 38% improvement compared to the second quarter average. Head grades achieved were in line with plan, averaging 5.6 g/t gold. Over the last two weeks of July, mill head grades averaged 6.9 g/t Au with mine feed coming from multiple headings, including both longhole and mechanized cut and fill stopes. Gold production achieved a new monthly record in July of approximately 3,730[7] ounces of gold produced. Mill recoveries averaged 96.0% for the month.

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 saw little activity during the quarter as the Company was focused on ramp-up. Exploration is expected to begin again in late 2021 or early 2022.

<u>Other Mineral Property Interests</u>

Kinross completed a seven hole, 1,040 metre drill program during the first quarter on the Van Horne project, in which the Company has an approximate 30% joint venture interest. The Company does not anticipate contributing to future exploration costs of the Van Horne project, at this time, and will allow its interest to dilute accordingly.

Prior 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.

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[7] As of the date of this MD&A, reported gold production and grades for July were unreconciled.

The following table outlines the status of expenditures pertaining to the above noted financings as at June 30, 2021:

(All amounts are approximate, expressed in millions of Canadian dollars) Description	Prior Disclosure	Actual Spent[(2)]	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[(2)]					
Development of the PureGold Mine Project, including the excavation and extension of main haulage ways	$17.3	$3.5	$13.8	$17.3	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 or are expected from future cash flows and are expected to be used by PureGold to incur development expenses in respect of the PureGold Mine Project that qualify as CDE as defined in the Tax Act.

Non-IFRS financial performance measures

The Company provides some non-IFRS measures as supplementary information that management believes may be useful to investors to explain the Company's financial results.

Cash operating cost

''Cash operating cost per ounce produced'' and "total cash cost per ounce sold" are common financial performance measures in the gold mining industry but with no standard meaning under IFRS. Management believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance and ability to generate cash flow.

Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The measure, along with sales, is considered to be a key indicator of a Company's ability to generate earnings and cash flow from its mining operations.

Cash cost figures are calculated in accordance with a standard developed by The Gold Institute, which was a worldwide association of suppliers of gold and gold products and included leading North American gold producers. The Gold Institute ceased operations in 2002, but the standard is the accepted standard of reporting cash cost of production in North America. Adoption of the standard is voluntary and the cost measures presented may not be comparable to other similarly titled measures of other companies. Other companies may calculate these measures differently. Cash operating cost per ounce produced and tonne processed are derived from mining operating costs such as mining, processing, mine site general and administrative expenses. Total cash cost per ounce sold represents mining operations expenses plus royalties and selling expenses divided by ounces sold.

All in Sustaining Costs

In June 2013, the World Gold Council, a non-regulatory association of the world's leading gold mining companies established to promote the use of gold to industry, consumers and investors, provided guidance for the calculation of the measure "All-in sustaining cost per gold ounce", which has no standard meaning under IFRS. These standards became effective January 1, 2014. Management believes that the all-in sustaining cost per gold ounce measure provides additional insight into the costs of producing gold by capturing all of the expenditures required for the discovery, development and sustaining of gold production and allows the Company to assess its ability to support capital expenditures to sustain future production from the generation of operating cash flows. Management also believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance. However, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS and is not necessarily indicative of cash flow from operations under IFRS or operating costs presented under IFRS. It should also be noted that the adoption of the standard is voluntary and the cost measures presented may not be comparable to other similarly titled measures of other companies. Other companies may calculate these measures differently.

Consistent with guidance announced in 2013 by the World Gold Council, PureGold defines all-in sustaining cost per ounce as the sum of total cash cost, underground development that is sustaining in nature, corporate general and administrative costs, corporate social responsibility expenditures related to current operations, and reclamation liability accretion, all divided by the total gold ounces produced to arrive at a per ounce figure.

As this measure intends to represent the cost of selling gold from current operations, it does not include capital expenditures attributable to development projects or mine expansions including economic evaluation for such projects, non-cash share-based payments, exploration expenses that are not sustainable in nature, income tax payments, working capital defined as current assets less current liabilities (except for inventory adjustments) or interest costs.

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, 2020 (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 and six months ended June 30, 2021, and 2020, respectively (in millions of $, except per share data):

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	**For the six months ended June 30, 2021**	For the six months ended June 30, 2020
Total Revenue(1)	-	-	-	-
Exploration Expenditures	**$0.4**	**$0.1**	**$ 3.5**	**$0.2**
Loss on change in fair value of derivatives	**$2.3**	**$10.9**	**$1.6**	**$0.4**
Net Loss and Comprehensive loss for the period	**$2.7**	**$9.7**	**$3.9**	**$1.0**
Basic and Diluted Loss per Share	**$0.01**	**$0.03**	**$0.01**	**$0.00**

Notes:

(1) Proceeds from gold sales received pre-commercial production have been netted against Mineral Properties and Mine Development Costs until the Company reaches commercial production

Three and six months ended June 30, 2021 vs. the three and six months ended June 30, 2020

Net loss and comprehensive loss for the three and six months ended June 30, 2021, totaled $2.7 million and $3.9 million, respectively, compared to $9.7 million and $1.0 million for the same periods in the prior year. The most significant contributors to the loss for the three and six months ended June 30, 2021, and 2020, were (i) wages, consulting and director fees (ii) professional fees (iii) office costs, (iv) share based compensation expense, (v) exploration and evaluation expenditures, (vii) gains or losses on foreign exchange and (viii) changes in the fair value of derivatives; and (ix) income tax recoveries. Explanations for material variances period over period are described below.

Wages, consulting and director fees totalled $0.6 million and $1.2 million for the three and six months ended June 30, 2021, compared to $0.5 million and $0.9 million for the same period in the prior year, reflecting increased staffing and salary increases at the Company's head office in 2021 compared to 2020.

Professional fees for the three and six months ended June 30, 2021, were $0.1 million and $0.2 million compared to $0.2 million and $0.6 million for the same periods in the prior year. Professional fees were higher in 2020 as the Company incurred consulting costs on the implementation of an Enterprise Resource Planning software system that were not required in 2021. In addition, in 2020, the Company incurred a higher level of monitoring fees paid to engineering and geological consultants in support of our Project Finance lenders review of construction activities at the PureGold Mine. As the mine was substantially built by December 2020, these costs have declined in 2021.

Office costs for the three and six months ended June 30, 2021, totalled $0.2 million and $0.5 million, respectively, compared to $0.1 million and $0.3 million for the same periods in 2020. The increase reflects the payment of higher amounts of employer health taxes paid in 2021, compared to 2020, along with a general increase in costs due to a higher number of employees.

Share-based compensation expense totalled $0.4 million and $0.9 million for the three and six months ended June 30, 2021, an increase over the $0.1 million and $0.4 million recognized in the same periods in the prior year, reflecting the recognition of additional expense associated with option grants in December 2020 and January and May 2021. Stock options granted to employees and consultants were subject to vesting restrictions over a three-year period with the corresponding share-based compensation expense being recognized over this period.

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.

The Company's exploration activities at the PureGold Mine Project during the three and six month periods ended June 30, 2020, totalled $0.1 million and $0.2 million respectively, compared to $0.4 million and $3.5 million in 2021. In the first half of 2020, the Company was focused on its development activities at the Project and carried out minimal exploration activities. It was not until the Company raised the $15 million in flow through funds in June 2020 that a formal surface exploration program was developed, which commenced in July 2020 and continued through the fist half of 2021.

As the Company has US$ denominated liabilities in excess of US$ denominated cash deposits, any weakening in the US$ as was experienced in both 2020 and 2021 results in foreign exchange gains on the net US$ denominated liability position. For the three and six months period ended June 30, 2021, the Company recorded foreign exchange gains of $1.6 million and $2.8 million respectively, compared to $2.5 million and $1.3 million for the same periods in fiscal 2020.

For the three and six months ended June 30, 2021, the Company realized a loss on the change in fair value of its derivative liabilities totalling $2.3 million and $1.6 million, respectively, compared to a loss of $10.9 million and $0.4 million for the same periods in 2020. The value of the derivative liabilities change as a result of changes in volatility estimates, gold price assumptions, and changes in credit spreads over time. See Notes 9 and 10 to the Interim Financial Statements for further information.

Financial Position

The following financial data has been derived from our Interim Financial Statements for the six months ended June 30, 2021, and our Annual Financial Statements as at December 31, 2020 (in millions of $).

	As at June 30, 2021	As at December 31, 2020
Total assets	$ **285.1**	$ **248.5**
Current liabilities	$ **31.3**	$ **35.9**
Non-current liabilities	$ **179.1**	$ **152.1**
Cash dividends declared	$ **-**	$ **-**

Total assets increased by $36.6 million to $285.1 million at June 30, 2021, reflecting the increase in cash received from financing activities of $41.7 million which was then used to further the development and ramp-up of the PureGold Mine and partially capitalized as mineral properties, plant and equipment, offset by cash spent on corporate general and administrative and exploration evaluation activities during the six months ended June 30, 2021.

Current liabilities decreased by $4.6 million to $31.1 million at June 30, 2021, compared to $35.9 million at December 31, 2020, reflecting a decrease in accounts payable and accrued liabilities as a result of the timing of the settlement of payable amounts owing to suppliers, and a decrease in current amounts owing on the Company leased equipment as the timing of lease payment has been extended, offset by an increase of the flow-through premium liability resulting from the brokered offering in May 2021, as well as an increase in the valuation of the current portion of the gold stream derivative liability.

Non-current liabilities increased by $27 million between December 31, 2020, and June 30, 2021, primarily due to an increase to the amount of loans and borrowings, reflecting the Amendment and an increase to lease liabilities, reflecting the lease of additional equipment.

Shareholders' Equity

During the three months ended June 30, 2021, the Company issued 11,348,700 common shares pursuant to May 5, 2021 Flow-Through Share financing at a price of $1.52 per share, 800,000 shares on the exercise of employee and director stock options at a weighted average price of $0.51 and 714,229 shares at $1.52 per share to Sprott Lending as compensation for entering into the Amendment (as defined below).

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)							
	Jun 30, 2021	**Mar 31, 2021**	**Dec 31, 2020**	**Sep 30, 2020**	**Jun 30, 2020**	**Mar 31, 2020**	**Dec 31, 2019**	**Sep 30, 2019**
Total revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating expenses	$(1.9)	$(5.2)	$(10.3)	$(4.9)	$(1.4)	$(1.7)	$(3.5)	$(5.7)
Total comprehensive income (loss) for the period	$(2.7)	$(1.2)	$(16.2)	$(9.7)	$(9.7)	$8.7	$(6.0)	$(8.8)
Basic and diluted income (loss) per share	$(0.01)	$(0.00)	$(0.04)	$(0.02)	$(0.03)	$0.02	$(0.01)	$(0.03)

The Company's operating 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. 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 $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. 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.

Liquidity, Capital Resources and Going Concern

As at the date of this MD&A, the Company has approximately $12 million in cash offset by $9.7 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 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 remain unchanged. In consideration of the Amendment, PureGold was required to pay to 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 June 30, 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 Interim 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 six month period ended June 30, 2021, the Company incurred a loss of $9.7 million, used cash of $6.1 million in operating activities and at period end , the Company had cash of $20.2 million and a net working capital balance of $2 million. The Company believes that cash on hand and cash in-flows from future operations now that the Company has reached commercial production, should be sufficient to meet obligations for at least the next 12 months. However, should the mining operations not meet production targets as forecasted, or should changes to other external variables such as the gold price or foreign exchange rates negatively affect that forecasted cash flows, the Company could face short-term liquidity issues and will need to raise additional funds in order to meet its current obligations and to finance the continued development and operations of the PureGold Mine.

While Management believes the Company would be able to secure additional funding, if required, there can be no assurance that such efforts would be successful. These factors give rise to material uncertainties that may cast substantial 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 Interim 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 18 of the Interim Financial Statements for the three and six months ended June 30, 2021.

Contractual Obligations

As at June 30, 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	**$149.2**	$11.7	$19.9	$29.8	$27.8	$20.6	$39.1
Accounts payable and accrued liabilities	**$16.5**	$16.5	-	-	-	-	-
Production linked payments	**$6.1**	$1.0	$1.3	$1.1	$1.7	$1.1	-

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 June 30, 2021, the Company has accrued US$6.3 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. As of June 30, 2021. The Company has paid or accrued as owing to Sprott a total of US$99,314 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 June 30, 2021, the Company has paid or accrued as owing to Sprott a total of US$622,417, representing approximately 497 ozs 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, 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.

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 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 June 30, 2021 (in $ millions):

	Up to 1 year	**1 to 5 years**	**Total**
Minimum lease payments	$3.7	$2.9	$6.6
Finance charge	$(0.3)	$(0.1)	$(0.4)
Total principal payments	**$3.4**	**$2.8**	**$6.2**

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 $18,996 and $47,616, respectively, of variable lease payments during the three and six months ended June 30, 2021 (June 30, 2020 - $28,785 and $56,365, respectively).

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 June 30, 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 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 six months ended June 30, 2021, a total of $1.1 million (six months ended June 30, 2021 - $1.0 million) was paid or accrued to Oxygen as a reimbursement of costs incurred by Oxygen on behalf of the Company. As at June 30, 2021, the Company held a payable amount to Oxygen of $0.1 million (December 31, 2020 - $0.1 million). This amount was paid subsequent to June 30, 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 June 30, 2021		Three months ended June 30, 2020		Six months ended June 30, 2021		Six months ended June 30, 2020	
Salaries and other short-term employee benefits	$	406,250	$	311,620	$	812,500	$	623,240
Directors fees		125,833		117,833		259,583		222,833
Share-based compensation		399,010		118,530		953,016		359,735
Total	**$**	**931,093**	**$**	**547,983**	**$**	**2,025,099**	**$**	**1,205,808**

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 and six months ended June 30, 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 June 30, 2021, the Company had cash of $20.2 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 $31.3 million (December 31, 2020 - $35.9 million) and long term liabilities of $179.1 million, including advances under the Facility and Callable Gold Stream (December 31, 2020 – $152.1 million). At June 30, 2021, there was insufficient cash on hand to fund the Company's current commitments; however the Company believes that cash on hand and cash in-flows from future operations now that the Company has reached commercial production, should be sufficient to meet obligations for at least the next 12 months, provided forecasted production, revenues and costs are realized. See further discussion under " **Liquidity, Capital Resources and Going Concern".**

As at June 30, 2021, the Company had not yet reached positive cash flows from operations. The Company has incurred negative cash flows from operations of $6.1 million (six months ended June 30, 2020 - $1.6 million) and a loss of for the six months ended June 30, 2021, of $9.7 million (six months ended June 30, 2020 – loss of $1.0 million) but expects to generate sufficient cash flows for the balance of fiscal 2021 to allow it to carry out its planned business objectives at the PureGold Mine.

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 June 30, 2021, an increase of 25 basis points in market interest rates would result in approximately $20 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.

During the three and six months ended June 30, 2021, the Company recognized a net foreign exchange gain of $1.6 million and $2.8 million, respectively (three and six months ended June 30, 2020 – $2.5 million and $1.3 million).

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 six months ended June 30, 2021.

Cash	$	(1.4) million
Credit Facility	$	11.3 million
Production Payment Agreement	$	0.5 million
Callable Gold Stream	$	4.4 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 June 30, 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 June 30, 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 $1.6 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 August 13, 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	413,675,185	N/A	N/A
Stock Options	75,000 1,930,000 100,000 4,375,000 133,334 250,000 4,575,001 350,000 1,880,000 400,000 300,000	$0.72 $0.44 $0.54 $0.49 $0.54 $0.64 $0.74 $0.77 $2.84 $2.60 $1.60	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 May 27, 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	462,528,277		

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 embarks on commercial production, 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

There were no subsequent events of financial significance occurring after June 30, 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 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 six months ended June 30, 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 June 30, 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 six months ended June 30, 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 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 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:

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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