Pure Gold Mining Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2022

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This Management's Discussion and Analysis (the "**MD&A**"), dated as of May 16, 2022, is for the first quarter ended March 31, 2022 and should be ready in conjunction with the unaudited condensed interim financial statements, including the related notes thereto, for the three months ended March 31, 2022 (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, 2021 and 2020 (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, 2021 dated March 30, 2022 (the "**AIF**"), available under Pure Gold's profile on SEDAR at www.sedar.com. All dollar amounts stated in this MD&A are expressed in Canadian dollars ("$") unless noted otherwise.

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

The disclosure of technical information in this MD&A has been approved by Terrence Smith, P.Eng., Chief Operating Officer of the Company, and a Qualified Person ("**QP**") for the purposes of National Instrument 43-101, Standards of Disclosure for Mineral Projects ("**NI 43-101**"). Readers are directed to the section entitled "Scientific and Technical Disclosure" included within this MD&A.

Business Overview

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

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

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

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

First Quarter 2022 Highlights and Significant Subsequent Events

A summary of the highlights for the first quarter ended March 31, 2022, and subsequent period to date for the Company and the PureGold Mine are as follows:

Gold Production

- Gold production for the quarter ended March 31, 2022 was 6,653 ounces
- Gold sold for the quarter ended March 31, 2022 was 7,876 ounces

Processing

- For the first quarter ended March 31, 2022, the PureGold Mine processed a total of 50,892 tonnes of ore, or an average of 570 tpd, at an average head grade of 4.27 grams of gold per tonne of ore ("**g/t Au**") and achieved an average recovery of 95.2%.
- The main operating units in the mill and process facility are performing as expected. During the quarter, the Company completed upgrades for the gravity circuit which is expected to increase gravity recovery by 10-15% and overall gold recoveries by 1-2% to 96-97% from 95%. The upgrades are also expected to reduce operating costs by reducing cyanide dosages (consumption) in leaching, carbon in carbon-in-pulp ("**CIP**"), and metabisulfite/copper sulfate in the detox circuit.
- The regulatory process to increase the permitted mill capacity to 1,000 tpd is well advanced, and expected to be completed in Q4 2022.

Mining

- For the first quarter ended March 31, 2022, a total of 44,716 tonnes of ore were mined from the PureGold Mine, or an average of 497 tpd.
- During Q1 2022, several new initiatives were launched which are expected to improve stope access and ultimately result in increased ore throughput, improved grades, and reduced costs in 2022. These initiatives include faster sill development to expedite access to higher grade stopes by developing sills faster, by taking longer rounds and improving definition drilling and grade control procedures. Definition drilling remains a key component in the plan to improve both ore production and grade. The Company significantly increased its definition drilling program in Q4 2021, the positive impacts of which are expected to positively impact short-term mine plans and production beginning in the second quarter of 2022. Finally, in support of an updated life of mine plan, significant data has been gathered with respect to 2021 grade control sampling and work is underway to compile and reconcile this data with the Company's Mineral Resource and Mineral Reserve models and with mill production. Together, these changes are expected to drive sustainable increases in both ore throughput and head grade, and will be implemented progressively throughout 2022.

Sustaining Capital

- The Company incurred a total of $7.3 million in sustaining capital expenditures during the three months ended March 31, 2022. Sustaining capital during the quarter was primarily related to development costs for the Main and East ramps and lateral level development, expenditures at the water treatment plant, commencement of a lift on the tailings dam, mobile equipment lease costs, and electrical substations and switchgear upgrades.

Financings

- During the quarter the Company closed a bought deal private placement and a non-brokered private placement raising gross proceeds of $31.2 million. Pursuant to the brokered offering, the Company issued a total 26.4 million common shares of the Company at a price of $0.53 per common share for aggregate gross proceeds of $14 million. The private placement issued a total of 32.5 million common shares to AngloGold Ashanti Limited ("AngloGold") at a price of $0.53 per common share for aggregate gross proceeds of $17.2 million.

- To support the operational turnaround and optimization initiatives underway at the PureGold Mine, subsequent to March 31, 2022, the Company entered into an agreement with its lending partner, Sprott Private Resource Lending II (Collector), LP ("Sprott"), whereby Sprott conditionally agreed to:
  I. Provide the Company an additional, secured, first-priority, non-revolving credit facility ("Additional Credit Facility") up to a maximum principal amount of US$6 million; and
  II. Waive any existing defaults under the Credit Agreement, Stream Purchase Agreement, and Production Payment Agreement ("Existing Defaults") for a period of time ending May 23, 2022, refer to "***Cash and Liquidity"*** discussion below.
- On May 6, 2022, the Company announced a non-brokered private placement of 200,000,000 units of the Company at a price of C$0.15 per unit for aggregate proceeds of $30 million. Each unit will consist of one common share and one common share purchase warrant. Each warrant will be transferrable and entitle the holder to acquire one common share of the Company for six months from the closing date of the offering at a price of $0.18, subject to certain adjustments. The offering is expected to close on or about May 18, 2022.

Leadership Changes

- On January 4, 2022, Mr. Troy Fierro, Director and seasoned mining engineer, replaced Darin Labrenz as President & CEO. Mr. Chris Haubrich, Vice President Business Development, replaced Sean Tetzlaff as CFO. Ms. Ashley Kates, Corporate Controller, was promoted to Vice President Finance & Corporate Secretary.
- On February 17, 2022, Terrence Smith was appointed to the position of Chief Operating Officer and Bryan Wilson was appointed Vice President Mine General Manager of the PureGold Mine. Phil Smerchanski was promoted to Vice President Exploration & Technical Services. Maryse Bélanger remained on PureGold's Board of Directors.
- On April 22, 2022, Mark O'Dea assumed the role of interim President and Chief Executive Officer. Mr. Fierro stepped down due to personal health issues. Mr. Fierro will remain a Director of the Company.

Technical Report Update

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

Outlook

Operational Turnaround Plan

Following the operational management changes, the Company's new operational leadership team has designed and is accelerating an operational turnaround plan for the PureGold Mine with key objectives as follows:

- Improve safety performance with clear expectations and positive reinforcement of good behaviours;
- Fast-track the operation to a state of positive site-level cash flow by Q3 2022;
- Ramp up throughput to nameplate capacity (800 tpd) by H2 2022 and continue to grow thereafter;
- Define life of mine plan and deliver and updated NI 43-101 Technical Report in Q4 2022

Reduced headcount, rationalized equipment, and optimized underground development initiatives already completed are expected to lead to an approximate 30% reduction in costs in Q2 2022 compared to Q1 2022, and Q3 2022 costs are expected to fall further still. In addition, a new six-month mine plan is underway, which sees production growing steadily from April through September underpinned by 60,000 meters of definition drilling completed since November 2021. Taken together, the production and cost improvement initiatives already completed and underway are expected to see the Company transitioning to a state of positive site-level cash flow by Q3 2022, and, subject to ongoing work in support of the updated life of mine plan, to transition to a state of corporate free cash flow by Q1 2023 as the operation ramps up throughput beyond 800 tpd.

Significant Cost Reductions Completed and Underway

Since February 2022, the Company has reduced its workforce by approximately 20% from 340 employees down to 275. In April 2022, the Company transitioned to a campaign milling schedule, which will see the mill operating for two out of every four weeks temporarily to save costs by aligning with near-term mine production forecasts. The mill will gradually return to a full-time schedule as mining production increases. Drilling has been scaled back to two rigs, which is sufficient to continue aggressive growth of inventory of high-confidence stopes ahead of mining. Lastly, development of the Main Ramp has been temporarily paused with resources reallocated to near-term production and development areas. The Main Ramp is currently at a depth of approximately 500 metres below surface, which is several hundred metres below near-term mining areas; as such, temporarily pausing ramp development will not constrain ore mining or definition drilling in the near-term. To date, the operating plus sustaining capital cost saving initiatives already in effect represent approximately $4 million or 30% in monthly savings for Q2 as compared to Q1 2022. In H2 2022, the Company expects to further reduce costs by another $1 million per month by realizing savings associated with the installation of the on-site camp, renegotiating key supply agreements, and further optimization of the workforce and overtime management.

New High-Confidence Six Month Mine Plan

A new six-month mine plan for the period April to September 2022 has been completed recently and is underway, which expects the PureGold Mine to produce ore at an average rate of 615 tpd and average grade of 5.4 g/t Au, yielding 2,500 to 4,100 ounces of gold per month trending upward over the period. The new mine plan is based on a drilled inventory of over 140,000 tonnes of ore at a grade of 5.2 g/t Au which is the direct result of approximately 60,000 metres of definition drilling completed since November 2021. Despite ongoing definition drilling activity since November 2021, only now are the benefits of this investment beginning to be realized. This six-month plan, underpinned by this densely drilled inventory, is the most confident mine plan the Company has produced to date. More than 80% of the stopes in the plan have an average drill spacing of less than 6 metres and all stopes have an average spacing less than 10 metres. The Company expects to continue growing its inventory of high confidence material over the coming months as definition drilling continues, leading to a 12-month plan by mid-year. Further, the Company expects the efficiency of its definition drilling program to continue to improve and costs to reduce over time as results are returned and processes are correspondingly improved.

Further Optimization

In H2 2022, the PureGold Mine is expected to continue to increase throughput and ramp up toward 800 tpd and eventually 1,000 tpd while continuing to improve cost performance. Further optimization initiatives that will support these outcomes include: improving mobile equipment availability; transitioning to efficient sill mining; mining a higher proportion and greater quantity of high-grade, high-confidence stopes; improving basic mine services including ventilation, electrical, compressed air, and water management, and most importantly continuing improving overall mine planning integration.

Beyond the current six-month plan, the Company expects to transition out of the McVeigh domain and into other zones including Austin and South Austin, which are generally higher grade and less complex compared to McVeigh. This transition is expected to drive further improvements in production, costs, and profitability.

Defining the Life of Mine Plan

The Company remains on track to release an updated Mineral Resource, Mineral Reserve, and Life of Mine plan summarized in an updated NI 43-101 Technical Report by Q4 2022. Work in support of these updates is underway. The updated Life of Mine plan will set out the Company's vision for developing, operating, and potentially expanding the PureGold Mine based on all available data and operating experience to date.

Leading up to the revised Life of Mine plan, the Company and its consultants are conducting several strategic trade-off studies including a comparison of continuing to ramp down to higher grade zones at depth (including 8

Zone) versus accelerating rehabilitation of the existing 1,275-metre-deep shaft to access the higher grade zones faster than ramp access, and be able to mine more cheaply than ramp access, albeit at an assumed higher upfront capital cost. Updates on these studies and their outcomes will be provided as information becomes available.

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

2022 Production and Cost Outlook

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

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

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

Overview of Operating Results

		For the three months ended March 31, 2022	**For the three months ended March 31, 2021**
Operating data			
Ore mined	Tonnes	44,716	32,071
Waste mined	Tonnes	89,555	112,043
Total mined	Tonnes	134,271	144,114
Ore milled	Tonnes	50,892	48,404
Average head grade	Grams per tonne gold	4.27	3.08
Recovery	%	95.2	95.2
Gold produced	Ounces	6,653	6,796
Gold sold	Ounces	7,876	2,924

Average Price realized	US$/ounce sold	$1,848	$1,774
Financial data			
Revenue [2]	$	18,368,000	6,542,000
Mine operating loss[2]	$	(23,395,000)	(15,585,000)
Net loss[2]	$	(21,467,000)	(16,786,000)
		As at March 31, 2022	**As at December 31, 2021**
Long term debt [1]	$	-	115,204,000
Current assets	$	17,329,000	21,297,000
Current liabilities	$	192,066,000	43,277,000

Notes

[1] As at March 31, 2022, the Company was not in compliance with its debt covenants in respect of the Sprott Credit Facility, and therefore, all long-term debt was reclassified to current. Subsequent to March 31, 2022, a waiver was received to waive all current defaults under the Credit Facility. Refer to "*Liquidity, Capital Resources and Going Concern*" discussion below for more details.

[2] On January 1, 2022, the Company adopted an amendment to *IAS 16 Property, Plant and Equipment – Proceeds before Intended Use*, which prohibits deducting from the cost of property, plant and equipment amounts received from selling items produced while preparing the asset for its intended use. Instead, amounts received are recognized as sales proceeds and the related costs in profit or loss. As a result of the adoption of the amendments, the Company has restated its comparative period, to reclassify the 2021 proceeds received from gold sales with associated cost of sales from mineral properties, plant and equipment, to mine operating loss on the statement of loss and comprehensive loss.

Financings

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

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

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

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

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

The following table outlines the status of expenditures pertaining to the above noted financings as at March 31, 2022:

All amounts are approximate, expressed in millions of dollars

Description	Prior Disclosure	Actual Spent	Remaining	Total	Variance
June 17, 2020, Offering – PureGold Mine Project (1) Wedge, Russet South, Fork and other satellitetargets to the main PureGold Mine deposit	$15	$9.5	$5.5	$15	Nil
May 5, 2021 Offering – PureGold Mine Project Development of the PureGold Mine Project, including the excavation and extension of main haulage ways	$17.3	$17.3	Nil	$17.3	Nil
September 28 and October 15, 2021 (2) Fund the continued ramp up of operations at its 100%-owned PureGold Mine Project located in Red Lake, Ontario, underground drilling and development of the high-grade 8 zone, and for general corporate purposes	$26.5	$26.5	Nil	$26.5	Nil
February 17, 2022, Offering – PureGold Mine Project Ramp up of operations to design capacity and for general corporate purposes.	$31.2	$31.2	Nil	$31.2	Nil

Notes:

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

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

Selected Financial Information

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 the Annual Financial Statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Results of Operations

The following financial data has been derived from our Interim Financial Statements for the three months ended March 31, 2022 and 2021, respectively:

		For the three months ended March 31, 2022		For the three months ended March 31, 2021[1]
Total Revenue	$	18.4	$	6.5
Mine operating loss		(23.4)		(15.6)
Exploration and evaluation		-		(3.1)
Corporate administrative costs		(1.1)		(2.1)
Interest and financing costs		(5.7)		(0.0)
Gain (Loss) on change in fair value of derivative liabilities		3.1		0.7
Net loss and comprehensive loss for the period	$	(21.5)	$	(16.8)
Basic and diluted loss per common share	$	(0.05)	$	(0.04)

[1] On January 1, 2022, the Company adopted an amendment to *IAS 16 Property, Plant and Equipment – Proceeds before Intended Use*, which prohibits deducting from the cost of property, plant and equipment amounts received from selling items produced while preparing the asset for its intended use. Instead, amounts received are recognized as sales proceeds and the related costs in profit or loss. As a result of the adoption of the amendments, the Company has restated its comparative period balance, to reclassify the 2021 proceeds received from gold sales with associated cost of sales from mineral properties, plant and equipment, to mine operating loss on the statement of loss and comprehensive loss.

<u>Mine operating loss</u>

The mine operating loss for the quarter ended March 31, 2022 and 2021 (in millions of $, except per share data. Numbers may not add or cross-add due to rounding) is comprised of the following:

		2022		2021
Revenue	$	18.4	$	6.5
Cost of sales				
Labour, wages and benefits		(12.1)		(8.7)
Raw materials and consumables		(7.1)		(7.2)
Contractors		(14.0)		(5.8)
Site administrative costs		(2.2)		(2.3)
Share based payments		(0.4)		(0.2)

Depreciation and deletion		(3.0)		--
Change in inventory		0.6		10.3
Inventory write-down		(3.6)		(8.2)
Total		(41.8)		(22.1)
Mine operating loss	$	(23.4)	$	(15.6)

During Q1 2022 Company sold 7,876 ounces of gold at a weighted average price of US$1,848 resulting in revenue of $18.4 million, compared to 2,924 ounces of gold sold in Q1 2021 at a weighted average price of US$1,774 resulting in revenue of $6.5 million. The mine operating costs are comprised of production costs, including mining, processing, maintenance, site general and administration and site share-based payments. The increase in revenue and cost of sales from the same quarter in the prior year due to the fact that the Company was still ramping up its mine in Q1 2021 and building up its team, resulting in higher labour costs in Q1 2022 compared to same period in the prior year. Additionally, the Company incurred higher contractor costs relating to increased definition drilling in Q1 2022 that was not incurred in Q1 2021.

Exploration expenditures

The Company did not incur any exploration activity at the PureGold Mine Project during the first quarter of 2022, and it is not expected to ramp up again until the second half of 2022 as the Company is focused on its development and ramp up of operations at the PureGold Mine.

Corporate administrative costs

Corporate administrative costs decreased from $2.1 million in Q1 2021 to $1.1 million in Q1 2022. Corporate administrative expenditures consist of wages, consulting and director fees, professional fees, corporate listing and filing fees, investor relations and communications expenses, and office costs.

	Three months ended March 31, 2022		Three months ended March 31, 2021	
Wages, consulting and director fees	$	0.5	$	0.6
Share-based payments		0.1		0.5
Professional fees		0.2		0.1
Investor relations		0.1		0.4
Office costs		0.1		0.3
Listing and filing fees		0.1		0.1
Depreciation		0.1		0.1
	$	1.2	$	2.1

Wages, consulting and director fees remained relatively consistent from the same quarter in the prior year. Share-based compensation expenses decreased from the same quarter in the prior year as a result of the reversal of share-based compensation during Q1 2022 relating to forfeited RSUs for employees who were no longer employed by the Company. Investor relations expense decreased from the same period in the prior year as the Company incurred additional costs associated with a new website design and marketing initiatives in the first quarter of 2021. Office costs decreased from the same quarter in the prior year as a result of additional employer health taxes paid in Q1

2021, that were not incurred in 2022.

Interest and finance costs

	Three months ended March 31, 2022	Three months ended March 31, 2021
Credit Facility interest expense	$ 5.4	$ -
Deferred transaction costs amortization	0.1	-
Financing fees on leases	0.1	0.0
Reclamation accretion expense	0.1	0.0
	$ 5.7	$ 0.0

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

Change in fair value of derivatives

During Q1 2022, the Company recognized a $3.1 million gain on the change in fair value of various derivative liabilities within the Company's Facility and Callable Gold Stream compared to a $1.0 million gain in the same quarter in the prior year. The Company revalues its derivative liabilities on a quarterly basis with changes in the derivative values resulting from changes in market volatility and future gold price assumptions. The decrease in the derivative liability during the quarter was largely a result of increasing risk free interest rate and credit spread.

Financial Position

The following financial data has been derived from our Interim Financial Statements (in millions of $).

	As at March 31, 2022	As at December 31, 2021
Current assets	$ 17.3	$ 21.3
Total assets	$ 265.9	$ 267.3
Current liabilities	$ 192.1	$ 43.3
Non-current liabilities	$ 22.0	$ 181.5
Cash dividends declared	$ -	$ -

Current assets decreased by $4.0 million reflecting lower cash, inventories and prepaid expense balances in 2022, offset by increased amounts receivables, compared to December 31, 2021.

Total assets decreased slightly by $1.4 million to $266.2 million at March 31, 2022, compared to $267.3 million at December 31, 2021, reflecting a lower cash balance partially offset by increased mineral properties, plant and equipment, as a result of the Company's continued spend at the PureGold Mine.

Current liabilities at March 31, 2022 increased significantly compared to December 31, 2021 as a result of the Company classifying all debt under the Credit Facility as current as a result of the Company being in default of its debt covenants. As mentioned above, subsequent to March 31, 2022, the Company received a waiver of the defaults from its lenders.

Non-current liabilities decreased significantly from December 31, 2021, primarily due to the reclassification of the Credit Facility balances to current as discussed above.

Shareholders' Equity

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

In Q1 2022, the Company issued 372,226 common shares on the redemption of employee RSUs and 75,000 common shares on employee stock options. The exercised stock options had a weighted average exercise price of $0.49 per share.

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 Interim Financial Statements of PureGold and the interim condensed financial statements for each of the past eight quarters which have been prepared in accordance with IFRS applicable to interim financial reporting including IAS 34.

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

	Mar 2022	Dec 2021	Sep 2021	June 2021	Mar 2021	Dec 2020	Sep 2020	Jun 2020
Total revenue	$18.4	$16.0	$18.9	$ 15.0	$ 6.5	$ -	$ -	$ -
Mine operating expenses	$38.7	$25.7	$22.7	$ 28.2	$ 22.1	$ -	$ -	$ -
Corporate and administrative costs	$1.1	$2.5	$1.4	$1.9	$2.1	$10.3	$4.9	$1.4
Total comprehensive income (loss) for the period	$(21.5)	$(17.2)	$(13.2)	$(15.8)	$(16.8)	$(16.2)	$(9.7)	$(9.7)
Basic and diluted income (loss) per share	$(0.05)	$(0.04)	$(0.03)	$(0.04)	$(0.04)	$(0.04)	$(0.02)	$(0.03)

Revenue increased slightly Q1 2022 over Q4 2021 as a direct result of the strengthening gold price quarter over quarter. Gold sales in Q1 2022 was 7,876 ounces sold at an average gold price of $2,760 per ounce, compared to 7,100 ounces sold in Q4 2021 at an average gold price of $2,246 per ounce. Mine operating expenses increased significantly quarter over quarter as a result of higher contractor costs relating to crushing and hauling activity and increased definition drilling. Additionally, the Company recognized a $4 million write down of its gold inventory to net realizable value. Corporate and administrative costs decreased in Q1 2022 compared to Q4 2021 largely as a result of lower professional fees reflecting increases to professional fees relating to higher IT related professional fees incurred as well as consulting costs incurred around the administration of the Company's Credit Facility, and professional fees incurred in respect of the annual audit.

Revenue decreased slightly Q4 2021 over Q3 2021 as a result of lower gold production during the quarter. Gold sales in Q4 2021 was 7,100 ounces compared to 8,382 gold ounces sold in Q3 2021. Mine operating expenses increased in Q4 2021 compared to Q3 2021 as a result of increased definition drilling activity during the quarter. The Company's corporate and administrative costs increased when compared to the prior quarter reflecting increases to professional fees relating to higher IT related professional fees incurred as well as consulting costs incurred around the administration of the Company's Credit Facility, and professional fees incurred in respect of the annual audit. Share based compensation increased compared to the prior quarter as a result of a stock option grant in October 2021 to a director of the Company. Another significant area of variance, quarter over quarter is the recognition of finance costs relating to the Credit Facility included in comprehensive loss for the quarter. Prior to the start of commercial production, all interest and deferred transaction costs relating to the Credit Facility were capitalized as borrowing costs, this was just for one month in Q3 2021 as commercial production was achieved in August 1, 2021.

Revenue increased in Q3 2021 compared to Q2 2021 as a result of increased gold production, as the Company ramped up production at its mine. The Company achieved commercial production on August 1, 2022. Gold sales in Q3 2021 was 8,382 ounces compared to 6,832 gold ounces sold in Q2 2021. During the three months ended September 30, 2021, the Company's corporate and administrative costs fell, reflecting decreased investor relations costs as the Company focused on the PureGold Mine ramp-up and incurred lower professional fees as a result of decreased business development activities in the quarter.

Revenue increased significantly in Q2 2021 compared to Q1 2021 as a result of increased gold production, as the Company ramped up production at its Red Lake mine. The Company's first gold pour was in December 2020, and as such the Company was still in the commissioning and ramp up stage in Q1 2021. Gold sales in Q2 compared to Q1 2021 was 6,832 ounces and 2,924 ounces, respectively. Mine operating costs increased quarter over quarter as the Company ramped up production, the Company incurred increased labour costs relating to increased headcount as the Company built up its team. 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 did not recognize any gold sales revenue or mine operating costs in Q4 2020 compared to Q1 2021, as a result for the Company making its first gold pour at the end of December 2020. Prior to which, the Company was in the construction and development phase at its PureGold Red Lake Mine. The Company's corporate and administrative costs significantly decreased for the quarter ended March 31, 2021, primarily as result of the large stock-based compensation expense incurred in December 2020 as a result of the stock option, RSU and DSU grants in the month. The total comprehensive loss for the quarter ended March 31, 2021, also reflects a lower gain realized on the revaluation of derivative liabilities in the quarter.

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

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

Liquidity, Capital Resources and Going Concern

As at the date of this MD&A, the Company has approximately $2.5 million in cash. As a direct result of the Company's shortfall in expected gold production and therefore cash generated from gold sales during 2021, the Company faced short-term liquidity issues as the development and ramp-up of the mining operation continues.

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

In addition to the above, on February 15, 2022, the Company closed a bought deal private placement and a non-brokered private placement raising gross proceeds of $31.2 million. Pursuant to the brokered offering, the Company issued a total 26.4 million common shares of the Company at a price of $0.53 per common share for aggregate gross proceeds of $14 million. The private placement issued a total of 32.5 million common shares to AngloGold at a price of $0.53 per common share for aggregate gross proceeds of $17.2 million.

On April 22, 2022, the Company entered into an agreement with its lenders, whereby Sprott conditionally agreed to:

i) Provide to the Company and additional, secured, first-priority, non-revolving credit facility ("Additional Credit Facility") up to a maximum principal amount of US$6,000; and
ii) Waive any existing defaults under the Credit Facility Agreement, Gold Stream Agreement, and Production Payment Agreement ("Existing Defaults") for a period of time ending no later than May 15, 2022 ("Waiver Period"), and subsequently amended to May 23, 2022.

The Additional Credit Facility is subject to the satisfaction of certain conditions in Sprott's sole discretion, including the closing of an equity financing by May 23, 2022 (discussed below), and no additional events of defaults other than the Existing Defaults during the Waiver Period, and other conditions. The Additional Credit Facility matures on September 30, 2022 and accrues interest at a rate of 14% per annum.

Although a waiver was received subsequent to March 31, 2022, as at the Balance Sheet date, the Company was not in compliance with its covenants, and as such, was required to classify the entirety of its Credit Facility, Interest Rate Floor derivative and Production Payment Agreement, as current.

On May 6, 2022, the Company announced a non-brokered private placement of 200,000,000 units of the Company at a price of C$0.15 per unit for aggregate proceeds of $30 million. Each unit will consist of one common share and one common share purchase warrant. Each warrant will be transferrable and entitle the holder to acquire one common share of the Company for six months from the closing date of the offering at a price of $0.18, subject to certain adjustments. The offering is expected to close on or about May 18, 2022, however, there is no guarantee that the private placement will close.

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 three months ended March 31, 2022, the Company incurred a loss of $21.5 million, used cash of $18.5 million in operating activities and at period end, the Company had cash of $6.5 million and a net working capital deficit of $174 million ($11.8 million if excluding long-term debt balances that were reclassified as current as a result of the default in covenants at March 31, 2022 which have been subsequently waived).

Should the Company be unsuccessful with the closing of the May 2022 private placement, the Company will need to obtain additional sources of funding in order to meet its current obligations and to finance ongoing operations at the Pure Gold Mine and to service the interest on its debt, for at least the next 12 months. While Management believes the Company will be able to secure further funding, there can be no assurance that those efforts would be successful and should funding not be secured, the Company will not be able to meet its obligations as they become due and will result in a default under its debt obligations. These factors give rise to material uncertainties that may cast significant doubt on the ability of the Company to continue to meet its obligations as they come due and hence, the ultimate appropriateness of the use of accounting principles applicable to a going concern.

The 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.

Contractual Obligations

As at March 31, 2022, 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
Loans and borrowings	**$148.1**	148.1
Accounts payable and accrued liabilities	**$22.4**	22.4
Production linked payments	**$5.8**	5.8

As at March 31, 2022, the Company was in default of its Credit Facility covenants, and as a result, all balances relating to the Credit Facility have been classified as current. A waiver was obtained from its lenders subsequent to March 31, 2022 to waive all defaults under the Credit Facility (refer to discussion above for details of the waiver received).

Under the Amendment, interest was accrued and capitalized until June 30, 2021, and afterwards only capitalized at the discretion of the Lender or paid out quarterly. As at March 31, 2022, the Company had accrued US$8.5 million in interest payable under the Facility. The Company is also obligated to pay Sprott the PPA ("**PPA**"), a fixed US$10 per ounce production-linked payment on the first 500,000 ounces of gold produced from the PureGold Mine. As of March 31, 2022, the Company had paid or accrued as owing to Sprott a total of US$0.3 million on 33,288 ounces of gold under the PPA.

The terms of the Callable Gold Stream require the Company to deliver gold or cash to Sprott in accordance with the terms of the agreement. In the event the Company does not deliver sufficient value over the life of mine (equal to the difference between the ounces of gold delivered times the difference in the spot price of an ounce of gold and 30% of the spot price) to Sprott to offset the US$25 million received under the Callable Gold Stream, the balance must be paid in cash. As at March 31, 2022, the Company had paid or accrued as owing to Sprott a total of US$2.1 million, representing approximately 1,664 ounces under the terms of the Callable Gold Stream.

The Company has a Technical and Administrative Services Agreement (the "**Oxygen Agreement**") with Oxygen Capital Corp. ("**Oxygen**"), a private company of which Mark O'Dea, Interim President & CEO and director of the Company, is a shareholder. Pursuant to the Oxygen Agreement, and without limiting or abrogating the duties of PureGold's President and Chief Executive Officer, Chief Financial Officer, or Corporate Secretary, Oxygen provides the Company:

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

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

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

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

<u>Agreement with First Nations</u>

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

Highlights of the Project Agreement include:

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

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

Leases

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

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

Below is a maturity analysis of the Company's lease payments at March 31, 2022 (in $ millions. Numbers may not add due to rounding):

	Up to 1 year	1 to 5 years	Total
Minimum lease payments	$6.1	$4.3	$10.4
Finance charge	$(0.3)	$(0.1)	$(0.4)
Total principal payments	**$5.8**	**$4.2**	**$10.0**

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.

Surety Bonds

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

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as defined by NI 51-102 requirements as at March 31, 2022, or as at the date hereof.

Proposed Transactions

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

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

Related Party Transactions

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

Oxygen Capital Corp

Oxygen is a private company partially owned by Mark O'Dea, Interim President & CEO and a director 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, 2022, Oxygen holds a refundable deposit of $0.4 million (December 31, 2021 - $0.4 million), on behalf of the Company. During the three months ended March 31, 2022, a total of $0.6 million (2021 - $0.4 million) was paid or accrued to Oxygen as a reimbursement of costs incurred by Oxygen on behalf of the Company. As at March 31, 2022, the Company has a payable amount to Oxygen of $0.3 million (December 31, 2021 - $0.3 million).

Compensation of Key Management Personnel

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

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Salaries and other short-term employee benefits	$ 0.4	$ 0.4
Directors fees	0.1	0.1
Share-based compensation	0.6	0.5
Total	**$ 1.1**	**$ 1.0**

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

Significant Accounting Judgments, Estimates and Assumptions
In preparing its financial statements, the Company makes judgments in applying its accounting policies. In addition, the preparation of financial statements in conformity with IFRS requires the use of estimates that may affect the amounts reported and disclosed in the consolidated financial statements and related notes in future periods. These estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ materially from the amounts included in the financial statements. The critical estimates and judgements that the Company's management has made in the process of applying the Company's accounting policies for the three months ended March 31, 2022, are consistent with those applied and disclosed in the Company's Annual Financial Statements.

Risks associated with financial instruments

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

Credit Risk

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

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

Liquidity Risk

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

As at March 31, 2022, the Company had not yet generated positive cash flows from operations. The Company has incurred negative cash flows from operations of $18.5 million (2021 - $22.5 million) and a loss for the period of $21.5 million (2021 - $16.6 million). At March 31, 2022, the Company had cash of $6.5 million (December 31, 2021 - $8.5 million), amounts receivable of $2.7 million (December 31, 2021 - $1.2 million), and a net working capital deficit of $174.7 million ($11.8 million if excluding longterm debt balances that were reclassified as current as a result of the default in covenants at March 31, 2022 which have been subsequently waived). Although the Company raised $31.2 million through equity financings in February 2022, and announce a private placement of $30 million in May 2022, there is no guarantee that the May 2022 private placement will close. Should the Company be unsuccessful in closing the May 2022 private placement, the Company will need to obtain additional sources of funding in order to meet its current obligations and to finance ongoing operations and development at the Pure Gold Mine for at least the next 12 months. Should the Company not obtain additional sources of funding, the Company will not be able to meet its obligations as they become due, which will result in a default under its debt obligations. In such circumstances, the Company could be required to take certain measures including putting the PureGold Mine on care and maintenance. These factors give rise to material uncertainties that may cast significant doubt on the ability of the Company to continue to meet its obligations as they come due and hence, the ultimate appropriateness of the use of accounting principles applicable to a going concern. See further discussion under " **Liquidity, Capital Resources and Going Concern".**

Interest Rate Risk

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

The Company is exposed to interest rate risk due to the floating rate interest on the Facility. For the three months ended March 31, 2022, an increase of 25 basis points in market interest rates would result in approximately $34 thousand in additional interest payable on the Facility.

Foreign Currency Risk

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

The following table shows the impact of a plus or minus 10% change in the USD/CAD exchange rate on financial assets and liabilities denominated in US dollars for the year ended March 31, 2022.

Cash	$	(0.5) million
Credit Facility	$	11.7 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 March 31, 2022, the carrying amounts of cash, short-term investments, interest receivable, deposits, reclamation deposits, accounts payable, and accrued liabilities are considered to be a reasonable approximation of their fair values, due to their short-term nature.

At March 31, 2022, the fair values of the embedded derivatives in the Facility and the Gold Stream were determined using Level 3 inputs.

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

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

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

A 1% change in discount rate would have a $1.6 million impact on the fair value of the Gold Stream derivative. A 1% change in gold price would have a $0.44 million impact on the fair value of the Gold Stream derivative.

Management of Capital

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

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

Outstanding Share Data

PureGold's authorized capital is unlimited common shares without par value. As at May 16, 2022, the following common shares, stock options, Restricted Share Units and Deferred Share Units were outstanding:

	# of Shares	Exercise Price	Expiry Date
Issued and Outstanding Common Shares	500,732,912	N/A	N/A

Stock Options	4,250 ,000 133,334 250,000 4,500,001 350,000 1,860,000 400,000 350,000 4,400,000 830,000	\$0.49 \$0.54 \$0.64 \$0.74 \$0.77 \$2.84 \$2.60 \$0.97 \$0.70 \$0.75	December 15, 2022 May 6, 2024 November 18, 2024 December 13, 2024 February 19, 2025 December 17, 2025 January 1, 2026 October 27, 2026 February 17, 2027 March 17, 2027
Deferred Share Units	1,078,306	Not applicable	
Restricted Share Units	294,507 200,000 2,600,000 813,000	Not applicable	December 31, 2023 October 27, 2024 February 17, 2025 March 17, 2025
Warrants	31,777,501 10,952,600 1,653,810	\$0.85 \$1.36 \$1.36	July 18, 2022 March 28, 2023 March 28, 2023
Fully Diluted	567,425,971		

Industry and Economic Factors That May Affect Our Business

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

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

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

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

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

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

Legal Matters

On April 7, 2022, the Company announced that it had learned of a notice of civil claim naming PureGold and certain other parties as defendants in the British Columbia Supreme Court alleging failures to disclose certain information relating to its operations at its mine in Red Lake, Ontario under Canadian securities law (the "Action"). Although no assurance can be given with respect to the ultimate outcome of the Action, the Company believes that the compliant against it is unfounded and without merit, and it intends to vigorously defend the proceeding. Other than already disclosed, PureGold is not currently and has not at any time during our most recently completed financial period, been party to, nor has any of its property interests been the subject of, any material legal proceedings or regulatory actions.

Management's Responsibility for the Financial Statements

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

Subsequent Events Not Otherwise Described Herein

Subsequent to March 31, 2022, other than already indicated above:

- A total of 144,700 RSUs have been exercised

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. There were no changes to the internal controls over financial reporting that occurred during the three months ended March 31, 2022, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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

Disclosure Controls and Procedures

Disclosure controls and processes have been designed to ensure that information required to be disclosed by PureGold is compiled and reported to management as appropriate to allow timely decisions regarding required disclosure. PureGold's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation as of March 31, 2022, that the disclosure controls and procedures are effective in providing reasonable assurance that material information related to PureGold is made known to them by employees and third-party consultants working for PureGold and its subsidiaries. There have been no significant changes in our disclosure controls and procedures during the three months ended March 31, 2022.

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.

Terrence Smith, P.Eng, PureGold's COO, 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. Smith has consented to the inclusion of the Technical Information in the form and context in which it appears in this MD&A.

Cautionary Notes Regarding Forward-Looking Statements

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

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

Forward-looking statements and forward-looking information are not guarantees of future performance and are based upon a number of estimates and assumptions of management at the date the statements are made including among other things, assumptions about future prices of gold, copper, silver, molybdenum and other metal prices, changes in the worldwide price of other commodities such as coal, fuel and electricity fluctuations in resource prices, currency exchange rates and interest rates, favourable operating conditions, political stability, obtaining governmental approvals and financing on time, obtaining renewals for existing licences and permits and obtaining required licences and permits, labour stability, stability in market conditions, availability of equipment, accuracy of any mineral resources and mineral reserves, successful resolution of the challenges to the EIAs described in this MD&A, if any, anticipated costs and expenditures, the impact of the COVID-19 pandemic and our ability to achieve our goals. While we consider these assumptions to be reasonable, the assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks and uncertainties, contingencies and other factors that could cause actual performance, achievements, actions, events, results or conditions to be materially different from those projected in the forward-looking statements and forward-looking information. Many assumptions are based on factors and events that are not within the control of PureGold and there is no assurance they will prove to be correct.

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

Forward-looking statements and forward-looking information contained herein are made as of the date of this MD&A and we disclaim any obligation to update or revise any forward-looking statements or forward-looking information, whether as a result of new information, future events or results or otherwise, except as required by applicable law.

There can be no assurance that forward-looking statements or forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements or forward-looking information. All forward-looking statements and forward-looking information attributable to us is expressly qualified by these cautionary statements.

PureGold disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable law. Readers should not place undue reliance on forward-looking information.

Note to United States Investors Concerning Estimates of Mineral Resource Estimates

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

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

Approval

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

Additional Information

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

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PURE GOLD MINING INC.

/s/ “Mark O’Dea”
Mark O’Dea
Interim President, Chief Executive Officer, and Director

PURE GOLD MINING INC.

/s/ “Chris Haubrich”
Chris Haubrich
VP Business Development and Chief Financial Officer