Pure Gold Mining Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2022

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This Management's Discussion and Analysis (the "**MD&A**"), dated as of August 15, 2022, is for the second quarter ended June 30, 2022 and should be read in conjunction with the unaudited condensed interim financial statements, including the related notes thereto, for the three and six months ended June 30, 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. Actual results may vary materially from those described in forward-looking statements. Readers are advised to review the risks and uncertainties 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."

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.

Our primary asset is the 100% owned PureGold Mine ("**PureGold Mine**" or the "**Mine**"), in Red Lake, Ontario. 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.

We poured first gold in late December 2020 and declared commercial production at the Mine on August 1, 2021.

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 was previously in production from 1938 to 1974 and from 1998 to 1999.

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 known as Newman-Madsen (acquired in 2014) and Derlak (acquired in 2017) are subject to royalties ranging from 0.5% - 3%, a portion of which may be bought back by the Company. These claims are held for exploration purposes and are not included in PureGold's current resources.

Operational & Business Summary Second Quarter 2022 and Significant Subsequent Events

While we believe the Mine has significant value, in 2021 it performed well below guidance. We refreshed the leadership team in early 2022 and tasked it with cutting costs and improving operations, financial results and guidance. Results for the second quarter of 2022 show that our efforts to stabilize the operation by reducing costs have already taken effect. Significant improvements were also made with respect to safety performance and culture and our environmental performance remains excellent.

During the second quarter of 2022 we made significant progress toward our near-term goal of stabilizing and optimizing the operation and positioning the Mine for long-term, sustainable profitability and growth. Many of our key internal technical processes, such as the systematic integration of mine planning with geology and definition drilling, were meaningfully improved in the second quarter. We are encouraged by the progress we have thus far made and we believe that our efforts will yield significantly better production and financial results in the coming quarters.

Outlook: Improvements Ahead

In April 2022 we announced the key objectives of our operational turnaround plan including:

- Achieve and sustain positive site-level cash flow by Q3 2022,
- Ramp up throughput to nameplate capacity (800 tpd) by H2 2022 and continue to grow thereafter, and
- Define updated Life of Mine Plan and deliver updated NI 43-101 Technical Report by Q4 2022.

As of August 2022, we are on track with respect to all three objectives.

In the third quarter of 2022, we expect operations to benefit significantly from groundwork laid in the first half of the year. Production and cost guidance for the third quarter of 2022 includes:

- Ore throughput of 775–875 tonnes per day (“tpd”),
- Average head grade of 4.0–5.0 grams per tonne (“g/t”) gold,
- Mill recovery of 95.0%,
- Operating plus sustaining capital costs of approximately $9.5 - $10.5 million per month.

We anticipate production and grade to trend positively throughout the quarter such that positive site-level cash flow is predicted to be achieved within the quarter.

In the third and fourth quarters of 2022, we expect to continue the 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 anticipated to drive further improvements in production, costs, and profitability.

In 2023, we forecast our mine plan to converge with the Updated Life of Mine plan currently underway, led by SRK Consulting (Canada) Inc. (“SRK”) which we expect to be completed in the fourth quarter of 2022. On August 10, 2022, we announced an updated Mineral Resource Estimate for the PureGold Mine which included 1.65 million ounces of gold at 7.4 g/t contained in 6.9 million tonnes in the Indicated category and 0.37 million ounces of gold at 6.3 g/t contained in 1.8 million tonnes in the Inferred category at a cutoff grade of 3.38 g/t.

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.

On track for substantially improved third quarter production

We forecast a significant improvement in production in the third quarter due to groundwork laid in the second quarter. This groundwork includes reduced costs, improved integration of mine planning, geology and definition drilling leading to more reliable forecasts, improved mining execution, a continued focus on establishing a high-confidence drilled inventory well ahead of active production areas, and, most importantly, an emerging culture of safety and performance.

Ore throughput for the third quarter is forecast to average between 775–875 tpd at 4.0–5.0 g/t gold. Both grade and ore throughput are expected to trend positively throughout the quarter. The end of July and beginning of August have been, and continue to be as of the date of this MD&A, particularly strong from both a throughput and grade perspective leading to a year-to-date record weekly gold pour in early August.

Site-level operating plus sustaining capital costs are anticipated to be in the range of $9.5 - $10.5 million per month for the third quarter. Compared to the first quarter of 2022, this represents an absolute reduction in costs of approximately 25% and a cost-per-tonne reduction of approximately 50%. Our most significant cost is labour, including accommodations and travel. We expect to reduce this cost in 2023 following the installation of a workforce camp, which is currently in progress on our mine property.

Further cost improvements expected

In addition to the savings noted above, further cost savings are forecast to be captured in the next 12 months. Key opportunity areas include replacing rentals and contractors with more permanent solutions and completing key infrastructure upgrades including the new camp, new electric compressors, and a new mine air heater. All of these projects are currently underway. The Company is targeting additional savings equating to $1 million per month (approximately 10%) by the end of 2022. Further savings opportunities are expected to be identified and planned for in conjunction with the Updated Life of Mine plan.

Technical Report continues to advance

Work is well underway on an updated NI 43-101 Technical Report which we expect to release in Q4 2022. This report will summarize our updated Mineral Resource Estimate which was announced on August 10, 2022. Following the completion of the updated Life of Mine plan and Pre-Feasibility Study ("PFS") currently underway, expected in Q4 2022, we will file another updated NI 43-101 Technical Report to summarize the Life of Mine plan, PFS, and updated Mineral Resource estimate in one document. 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.

As previously disclosed, during Q1 2022 we engaged 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 the updated reports.

Leading up to the revised Life of Mine plan, we and our 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 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 based on existing development and infrastructure, operating experience to date, significant exploration and organic growth potential, and our financial capacity.

Second Quarter 2022 Summary

In support of our mining improvement plan, during Q2 2022 we continued to streamline operations and remove bottlenecks. These improvements include upgraded basic mine services including ventilation, electrical, compressed air, and water management, and continued improving overall mine planning integration.

During Q2, 2022 we achieved an approximate 30% reduction in costs compared with Q1 2022, the result of workforce reductions, rationalized equipment and optimized underground development initiatives. In April 2022, we transitioned to a campaign milling schedule, which saw the mill operating for two out of every four weeks temporarily to save costs by aligning with near-term mine production forecasts. As a result, mineral production in Q2, 2022 was 25% lower than Q1, 2022. The mill returned to a full-time schedule in July 2022 as mining production increased.

We scaled back drilling to two rigs from four, which was sufficient to continue aggressive growth of inventory of high-confidence stopes ahead of mining. We continued to hold off on development of the Main Ramp during Q2, 2022 after having temporarily paused it in Q1, 2022, in order to reallocate resources to near-term production and development areas. The Main Ramp is at a depth of approximately 525 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.

Other key accomplishments and milestones in the second quarter included:

- Reorganization and rationalization of workforce
    - Reduced workforce by approximately 20%
    - Reorganized structure to enhance accountability
    - Made several key hires including new Technical Services Manager and new Director Finance Operations, both based on site and working under the leadership of VP MGM Bryan Wilson

- Relentless focus on safety performance
    - Set record of 128 days without incident
    - Total Recordable Injury Frequency Rate reduced by 44% sequentially, compared to Q1
    - Certified and/or recertified 20 supervisors in First Aid training
    - 13 Supervisors received their Ontario Common Core training

- Continued building positive community relationships
    - Hosted Red Lake cleanup day on May 28
    - VP MGM Bryan Wilson and Environmental Superintendent Graeme Swanwick accepted invitation to visit Lac Seul First Nation on June 28

- Continued excellent environmental performance
    - No significant incidents in the second quarter
    - Water management facilities managed 100-year water event without incident

Second quarter production was also affected by rationalization of the mining fleet and by significant turnover and workforce shortages in key areas like longhole drilling, mobile mechanics, and technical staff. Beyond these factors, the Company completed a complete overhaul of the mine planning process. Prior to this overhaul, execution diverged from planning, with grades significantly below plan. PureGold was mining small and/or low-grade stopes, was incorporating significant dilution into stope designs, and was overly optimistic about planned rates and productivities.

The planning process now incorporates the latest infill drilling results, deep geological review of potential mining fronts, economic analysis beyond cut-off grade, access and blasting considerations, and mine productivities based on ventilation, equipment type, and location, among other things.

Overview of Operating and Financial Results

	Q2 2022	Q2 2021	Change	H1 2022	H1 2021	Change
Operating data						
Ore mined (tonnes)	40,551	36,828	10%	85,267	68,899	23%
Waste mined (tonnes)	34,094	131,887	-74%	123,400	235,116	-47%
Total mined (tonnes)	74,645	168,715	-55%	208,667	304,015	-31%
Ore milled (tonnes)	45,420	46,312	-2%	96,312	94,727	2%
Average head grade (grams per tonne gold)	2.40	4.20	-42%	2.66	3.57	-25%
Recovery (%)	93.2	95.7	--	94.2	95.3	--
Gold produced (ounces)	3,509	5,997	-42%	8,244	10,075	-18%
Gold sold (ounces)	3,500	6,832	-49%	11,375	9,756	16%
Average US$ Price realized	$1,902	$1,796	6%	$1,864	$1,789	6%
Average C$ Price realized	$2,438	$2,211	10%	$2,376	$2,219	7%
Financial data						
Revenue[1]	$8,534,000	$15,109,000	-43%	$27,027,000	$21,650,000	24%
Mine operating loss[1]	$(18,528,000)	$(13,169,000)	40%	$(41,924,000)	$(28,755,000)	45%
Net loss[1]	$(20,757,000)	$(15,840,000)	31%	$(42,225,000)	$(32,627,000)	29%
				As at June 30, 2022	As at December 31, 2021	
Long term debt				106,111,000	115,204,000	-8%
Current assets				23,233,000	21,297,000	8%
Current liabilities				47,753,000	43,277,000	10%

Notes

[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, 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.

Operational and Financial Analysis: Q2 2022 vs. Q2 2021

- Mining totaled 40,551 tonnes of ore or an average of 445 tpd, up 10% from 36,828 tonnes of ore or an average of 405 tpd but below our prior guidance of 615 tpd for the quarter. Ore tonnage was lower than expected due to key equipment shortages, labour shortages, and unplanned stope resequencing made necessary due to the first two factors.
- Processing totaled 45,420 tonnes of ore, or an average of 500 tpd, down 2% from 46,312 tonnes or 509 tpd. The slight decrease was attributable to in April 2022, we transitioned to a campaign milling schedule, which saw the mill operating for two out of every four weeks temporarily to save costs by aligning with near-term mine production forecasts. The mill returned to a full time schedule in July 2022.
- Average head grade was 2.40 grams of gold per tonne of ore ("g/t Au") down 42% from 4.20 g/t Au. The decrease was attributable to fewer high-grade stopes mined during the quarter. Average recovery was 93.2%, down from 95.7% in Q2 2021. This decrease was attributable to decrease in grade.
- Revenue was $8.5 million, down 43% from $15.1 million. The decrease was attributable to a decrease of 49% in the volume of gold sold from lower production in the quarter, partially offset by a 10% increase in the average price of gold in Canadian dollars.

- Sustaining capital expenditures totaled $4.2 million down 62% from $11.1 million. During Q2, 2022 sustaining capital was primarily related to development costs for the Main and East ramps and lateral level development, expenditures at the water treatment plant, camp accommodations, mobile equipment lease costs, and underground compressor equipment purchases. Capital development meters for Q2 2022 decreased to 101.4 meters from 1,051 meters in Q2 2021 as ramp development was paused in 2022 until active production areas catch up to the existing ramp depth.

Operations and Financial Analysis: H1 2022 vs. H1 2021

- Mining totaled 85,267 tonnes of ore or an average of 471 tpd, up 23% from 68,899 tonnes of ore or an average of 381 tpd. Ore tonnage was higher than a year earlier but lower than expected, for the same reasons as in the second quarter.
- Processing totaled 96,312 tonnes of ore, or an average of 535 tpd, up 2% from 94,717 tonnes or 523 tpd. The slight increase was attributable to a 5.1% gain in the first quarter, partially offset by a 2% reduction in the second quarter as noted above.
- Average head grade was 2.66 grams of gold per tonne of ore (“**g/t Au**”) down 25% from 3.57 g/t Au. The decrease was for the same reasons as in the second quarter. Average recovery was 94.2%, down from 95.3% in H1 2021. This decrease was attributable to the decrease in grade.
- Revenue was $27.0 million, up 24% from $21.7 million. The increase was attributable to an increase of 16% in the volume of gold sold from higher production in Q1 2022 compared to Q1 2021, as well as a 7% increase in the average price of gold in Canadian dollars.
- Sustaining capital expenditures totaled $11.5 million down 54% from $25.2 million. During H1, 2022 sustaining capital 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, camp accommodations, mobile equipment lease costs, underground compressor equipment purchases, and electrical substations and switchgear upgrades. Capital development meters for H1 2022 decreased to 874.8 meters from 1,860 meters in H1 2021 as ramp development was paused in 2022 until active production areas catch up to the existing ramp depth.

Financings

On May 27, 2022, the Company completed a two-tranche non-brokered private placement with investors and debt-for-shares settlement agreements with five service contractors, with the first tranche closing on May 25, 2022. Under the private placements the Company issued a total of 207,240,960 units for aggregate gross proceeds of $31,086,144, and under the agreements with the service contractors the Company issued 20,922,914 units to settle outstanding debts totaling $3,138,437. All of the units were comprised of one common share and one common share purchase warrant. Each warrant will entitle the holder thereof to purchase one Common Share at a price of $0.18 per until November 25, 2022 for warrant holders participating in the first tranche, and November 27, 2022 for warrant holders who participated in the second tranche.

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 $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 $0.53 for gross proceeds of $17.2 million.

On October 15, 2021 the Company closed a non-brokered private placement to AngloGold at a price of $1.05 per unit for gross proceeds to the Company of $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 $1.36 until March 28, 2023.

On September 28, 2021 the Company closed a bought deal offering of 21,905,200 units of the Company at a price of $1.05 per unit for gross proceeds to the Company of $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 $1.36 until March 28, 2023.

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 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 .

The following table outlines the status of expenditures pertaining to the above noted financings as at June 30, 2022:

All amounts are approximate, expressed in millions of dollars

Description	Prior Disclosure	Actual Spent	Remaining	Total	Variance
May 25 and May 27, 2022 Private Placements(2) **–** fund near term operating objectives including ramping up of production, reducing operating and sustaining capital costs, completing critical trade-off studies in support of the updated Mineral Resource, Mineral Reserve, and Life of Mine plan.	$31.1	$24.0	$7.1	$31.1	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
September 28 and October 15, 2021 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
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
June 17, 2020, Offering – PureGold Mine Project (1) Wedge, Russet South, Fork and	$15	$9.5	$5.5	$15	Nil

other satellitetargets to the main PureGold Mine deposit

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

The following financial data has been derived from our Interim Financial Statements for the six months ended June 30, 2022 and 2021 (in millions of $, except per share data):

		For the six months ended June 30, 2022		For the six months ended June 30, 2021[1]	Change
Total Revenue	$	26.9	$	21.6	20%
Mine operating loss		(41.6)		(28.8)	45%
Corporate administrative costs		(3.5)		(3.6)	-3%
Interest and financing costs		(10.3)		(0.1)	100%
Gain (Loss) on change in fair value of derivative liabilities		14.8		(1.6)	1025%
Net loss and comprehensive loss for the period	$	(41.9)	$	(32.6)	29%
Basic and diluted loss per common share	$	(0.08)	$	(0.08)	--

[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.

Mine operating loss

The mine operating loss for the first half of 2022 and 2021 (in millions of $, except per share data) is comprised of the following:

		2022		2021	Change
Revenue	$	26.9	$	21.6	20%
Cost of sales					
Labour, wages and benefits		(23.0)		(19.6)	17%
Raw materials and consumables		(12.6)		(14.1)	-11%
Contractors		(19.7)		(12.0)	64%

Site administrative costs		(3.9)		(4.0)	-3%
Share based payments		(1.0)		(0.5)	100%
Depreciation and deletion		(5.4)		--	--
Change in inventory		5.2		10.5	50%
Inventory write-down		(8.0)		(10.7)	-22%
Total		(68.5)		(50.3)	37%
Mine operating loss	$	(41.6)	$	(28.8)	46%

The mine operating loss for H1 2022 increased by 46% from H1 2021 largely because of a 37% increase in cost of sales. The Company incurred higher contractor costs during 2022 compared to 2021 due to increased definition drilling which was contracted out. Labour, wages and benefits were higher due to higher headcount in 2022 compared to 2021, the Company was still ramping up operations in the first half of 2021. Lastly, the Company did not recognize any depreciation in the same period in the prior year as the assets were not yet available for use as intended by management. The Company did not achieve commercial production until Q3 2021.

Corporate administrative costs

	Six months ended June 30, 2022		Six months ended June 30, 2021		Change
Wages, consulting and director fees	$	1.1	$	1.2	-8%
Share-based payments		0.6		0.9	-33%
Professional fees		0.9		0.2	350%
Investor relations		0.2		0.5	-60%
Office costs		0.2		0.5	-60%
Listing and filing fees		0.2		0.3	-33%
Depreciation		0.1		0.1	--
Admin travel and other		0.1		--	--
	$	3.5	$	3.6	-3%

Corporate administrative costs totaled $3.5 million in H1 2022, down 3% from $3.6 million in H1 2021, the slight decrease is a result of lower share based payments due to a lower number of stock options vesting during H1 2022 compared to H1 2021 as well as lower office costs incurred. These were partially offset by higher professional fees incurred in H1 2022 compared to H1 2021 as a result of increased advisory and legal fees relating to the amendments to the Credit Facility and the financing activity that took place in Q2 2022.

Interest and finance costs

	Six months ended June 30, 2022		Six months ended June 30, 2021		Change
Credit Facility interest	$	8.6	$	-	n/a

expense			
Deferred transaction costs amortization	1.1	-	n/a
PPA accretion expense	0.2	-	n/a
Financing fees on leases	0.3	0.0	n/a
Reclamation accretion expense	0.1	0.0	n/a
	$ 10.3	$ 0.0	n/a

Financing costs totaled $10.3 million in H1 2022, compared with nil in H1 2021, as the interest, accretion and amortization of the transaction costs related to long-term debt were expensed in 2022 and capitalized a year earlier. The change resulted from the start of commercial production on August 1, 2021.

Change in fair value of derivatives

During H1 2022, the Company recognized an $14.8 million gain on the change in fair value of various derivative liabilities within the Company's Facility and Callable Gold Stream compared to a $1.6 million loss in the same period 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 year was a result of the increasing risk free interest rate and credit spread.

Three months ended June 30, 2022 vs. Three months ended June 30, 2021

The following financial data has been derived from our Interim Financial Statements for the three months ended June 30, 2022 and 2021 (in millions of $, except per share data):

		For the three months ended June 30, 2022		For the three months ended June 30, 2021[1]	Change
Total Revenue	$	8.5	$	15.0	-43%
Mine operating loss		(18.2)		(13.1)	41%
Corporate administrative costs		(2.4)		(1.6)	50%
Interest and financing costs		(4.6)		(0.0)	100%
Gain (Loss) on change in fair value of derivative liabilities		11.6		(2.3)	600%
Net loss and comprehensive loss for the period	$	(20.4)	$	(15.8)	32%
Basic and diluted loss per common share	$	(0.04)	$	(0.04)	0%

[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.

Mine operating loss

The mine operating loss for the quarter ended June 30, 2022 and 2021 (in millions of $, except per share data) is comprised of the following:

		2022		2021	Change
Revenue	$	8.5	$	15.0	-43%
Cost of sales					
Labour, wages and benefits		(11.0)		(10.9)	0%
Raw materials and consumables		(5.5)		(6.8)	-19%
Contractors		(5.7)		(6.2)	-8%
Site administrative costs		(1.8)		(1.8)	0%
Share based payments		(0.6)		(0.2)	200%
Depreciation and deletion		(2.3)		--	100%
Change in inventory		4.5		0.2	2150%
Inventory write-down		(4.4)		(2.4)	95%
Total		(26.7)		(28.2)	3%
Mine operating loss	$	(18.2)	$	(13.1)	41%

The mine operating loss for Q2 2022 increased by 40% from Q2 2021 mainly because of a 43% decrease in revenue, resulting from a 42% decrease in gold production Q2 2022 compared to Q2 2021. As mentioned above, in April 2022, the Company transitioned to a campaign milling schedule, which saw the mill operating for two out of every four weeks temporarily to save costs by aligning with near-term mine production forecasts. The mill returned to a full time schedule in July 2022.

Corporate administrative costs

		Three months ended June 30, 2022		Three months ended June 30, 2021	Change
Wages, consulting and director fees	$	0.7	$	0.6	16.7%
Share-based payments		0.5		0.4	25%
Professional fees		0.7		0.1	600%
Investor relations		0.2		0.1	100%
Office costs		0.1		0.2	-100%
Listing and filing fees		0.1		0.1	--
Depreciation		0.1		0.0	--
	$	2.4	$	1.6	50%

Corporate administrative costs totaled $2.4 million in Q2 2022, up 50% from $1.6 million in Q1 2021, the increase is a result of higher professional fees incurred in Q2 2022 compared to Q2 2021 as a result of increased advisory and legal fees relating to the amendments to the Credit Facility and the financing activity that took place in Q2 2022.

<u>Interest and finance costs</u>

	Three months ended June 30, 2022		Three months ended June 30, 2021		Change
Credit Facility interest expense	$	3.7	$	-	n/a
Deferred transaction costs amortization		0.6		-	n/a
PPA accretion expense		0.1		-	n/a
Financing fees on leases		0.1		0.0	n/a
Reclamation accretion expense		0.1		0.0	n/a
	$	4.6	$	0.0	n/a

Financing costs totaled $4.6 million in Q2 2022, compared with nil in Q2 2021, as the interest, accretion and amortization of the transaction costs related to long-term debt were expensed in the latest quarter and capitalized a year earlier. The change resulted from the start of commercial production on August 1, 2021.

<u>Change in fair value of derivatives</u>

During Q2 2022, the Company recognized an $11.6 million gain on the change in fair value of various derivative liabilities within the Company's Facility and Callable Gold Stream compared to a $2.3 million loss in the same quarter in the prior year. The Company revalues its derivative liabilities on a quarterly basis with changes in the derivative values resulting from changes in market volatility and future gold price assumptions. The decrease in the derivative liability during the quarter was a result of the 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 June 30, 2022		As at December 31, 2021		Change
Current assets	$	23.2	$	21.3	9%
Total assets	$	272.0	$	267.3	2%
Current liabilities	$	47.8	$	43.3	10%
Non-current liabilities	$	156.9	$	181.5	-14%
Cash dividends declared	$	-	$	-	

Current assets as at June 30, 2022 increased by $1.9 million or 7% from December 31, 2021, reflecting higher cash and prepaid expense balances in 2022, partially offset by lower inventories and amounts receivables.

Total assets as at June 30, 2022 increased by $4.4 million or 2% from December 31, 2021, reflecting a higher cash balance and increased mineral properties, plant and equipment, as a result of the various equity financings that took place in 2022, in addition to the Company's continued spend at the PureGold Mine.

Current liabilities as at June 30, 2022 increased by $4.6 million or 10% from December 31, 2021 largely as a result of an larger amount of the Company's Credit Facility being classified as current due to the timing of the principal repayment schedule in the next 12 months. In July 2022, the Company signed an amendment to the Credit Facility which deferred the first four principal repayments, each 2.5% of the principal amount, originally scheduled for the last day of September 2022, December 2022, March 2023, and June 2023, respectively, to August 2026.

Non-current liabilities as at June 30, 2022 decreased by $24.6 million or 14% from December 31, 2021, primarily due to the reclassification of a portion of the Credit Facility balances to current as discussed above, additionally, due to increasing interest rates and credit spread, the fair value of the Gold Stream derivative liability decreased during the quarter.

Shareholders' Equity

On May 27, 2022, the Company completed a two-tranche non-brokered private placement with investors and debt-for-shares settlement agreements with five service contractors, with the first tranche closing on May 25, 2022. Under the private placements the Company issued a total of 207,240,960 units for aggregate gross proceeds of $31,086,144, and under the agreements with the service contractors the Company issued 20,922,914 units to settle outstanding debts totaling $3,138,437. All of the units were comprised of one common share and one common share purchase warrant. Each warrant will entitle the holder thereof to purchase one Common Share at a price of $0.18 per until November 25, 2022 for warrant holders participating in the first tranche, and November 27, 2022 for warrant holders who participated in the second tranche.

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 H1 2022, the Company issued 548,026 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)

	June 2022	Mar 2022	Dec 2021	Sep 2021	June 2021	Mar 2021	Dec 2020	Sep 2020
Total revenue	$8.5	$18.4	$16.0	$18.9	$ 15.0	$ 6.5	$ -	$ -
Mine operating expenses	$26.7	$38.7	$25.7	$22.7	$ 28.2	$ 22.1	$ -	$ -

Corporate and administrative costs	$2.4	$1.1	$2.5	$1.4	$1.9	$2.1	$10.3	$4.9
Total comprehensive income (loss) for the period	$(20.4)	$(21.5)	$(17.2)	$(13.2)	$(15.8)	$(16.8)	$(16.2)	$(9.7)
Basic and diluted income (loss) per share	$(0.04)	$(0.05)	$(0.04)	$(0.03)	$(0.04)	$(0.04)	$(0.04)	$(0.02)

Q2 2022 compared with Q1 2022

Revenue decreased by 54.0% as a result of a 55% decrease in gold ounces sold due to lower production in the quarter. Mine operating expenses decreased by 30% as a result of the various cost saving initiatives implemented by the Company during Q2 2022. Corporate and administrative costs increased by 118% largely as a result of higher professional fees relating to advisory and legal costs in respect of the Credit Facility amendment and various financing activities that took place in Q2 2022.

Q1 2022 compared with Q4 2021

Revenue increased by 15.0% as a result of a 22.9% increase in the gold price and a 10.9% increase in ounces sold. Mine operating expenses increased by 50.6% as a result of higher contractor costs relating to crushing and hauling activity, increased definition drilling and a write down of gold inventory to net realizable value. Corporate and administrative costs decreased by 56.0% largely as a result of lower professional fees.

Q4 2021 compared with Q3 2021

Revenue decreased by 15.3% as a result of a similar reduction in gold sales, which in turn was attributable to lower gold production. Mine operating expenses increased by 13.2% as a result of increased definition drilling activity during the quarter. Corporate and administrative costs increased by 78.6% reflecting increases to professional fees and share based compensation. The comprehensive loss increased by 30.3% due to the above factors and the recognition of finance costs relating to the Credit Facility. 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.

Q3 2021 compared with Q2 2021

Revenue increased by 26% as a result of increased gold production mainly because of a 22.7% increase in gold ounces sold as the achieved commercial production on August 1, 2022. Mine operating costs decreased by 19.5% as a result of a slight build up in gold inventory during the quarter, and corporate and administrative costs decreased by 26.3%, reflecting lower investor relations expenses and lower professional fees.

Q2 2021 compared with Q1 2021

Revenue increased by 130.8% primarily as a result of a 133.7% increase in gold sales. Mine operating costs increased by 27.6% as production increased. The 6.0% increase in the comprehensive loss resulted in part from a $2.3 million loss on the revaluation of certain derivative liabilities reflecting a change in gold price assumptions and interest rates.

Q1 2021 compared with Q4 2020

The Company did not recognize any gold sales revenue or mine operating costs in Q4, 2020 as its first gold pour took place at the end of December 2020. Prior to that the Company was in the construction and development phase at its PureGold Mine. Corporate and administrative expenses decreased by 79.6%, primarily because the prior quarter included a large stock-based compensation expense as a result of the stock option, RSU and DSU grants.

Q4 2021 compared with Q3 2020
Corporate and administrative expenses increased by 110.2% primarily due to exploration and evaluation expenditures, share based compensation expense and increased Black Scholes values for options granted. The comprehensive loss increased by 67.0% due in part to a loss on the revaluation of derivative liabilities, offset somewhat by a foreign exchange gain.

Q3 2021 compared with Q2 2020
Corporate and administrative expenses increased by 250% due to increased exploration activities and changes in the fair value of certain financial derivative liabilities.

Liquidity, Capital Resources and Going Concern

As at the date of this MD&A, we had approximately $6 million in cash, account receivable of $1 million, and accounts payables of $14 million. This amount takes into account $31 million raised from a private placement financing on May 27, 2022 (See Financings, above), to assist with short-term liquidity issues and defaults described in our Q1 2022 MD&A dated May 16, 2022.

During the six months ended June 30, 2022, we incurred a loss of $41.9 million, used cash of $35.1 million in operating activities and at period end, we had cash of $12.7 million and a net working capital deficit of $24.5 million.

The continued operation of the Company is dependent upon mining operations meeting production targets, the Company's ability to generate positive cash flow, and to raise additional funds in order to meet current obligations and to finance the continued development and operations of the Pure Gold Mine. While Management believes the Company will be able to achieve and sustain positive site-level cash flow by Q3, and secure sufficient additional funding, there can be no assurance that those efforts will be successful. 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.

Contractual Obligations

As at June 30, 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	1-2 years	2-3 years	3-4 years	4-5 years	5+ years
Loans and borrowings	**$148.7**	23.8[1]	31.5	29.6	21.7	42.2	--
Accounts payable and accrued liabilities	**$20.1**	20.1	--	--	--	--	--
Production linked payments	**$5.9**	0.7	1.2	1.8	1.6	0.6	--

[1] This balance was amended subsequent to June 30, 2022, as mentioned below, in July 2022, the Company signed an amendment to the Credit Facility which deferred near term principal payments to April 2026.

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

i) Provide to the Company an 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 closing of the Additional Credit Facility was subject to the satisfaction of certain conditions in Sprott's sole discretion, including the closing of an additional equity financing in May 2022, and no additional events of defaults other than the Existing Defaults during the Waiver Period, and other conditions. On July 12, 2022, the Company closed the US$6 million Additional Credit Facility. The Additional Credit Facility matures on December 31, 2022 and accrues interest at a rate of 14% per annum. Drawdowns on the Additional Credit Facility are permitted for payments owing to Sprott, including interest, Gold Stream and PPA payments. In addition to the closing of the Additional Credit Facility, the Company agreed to an amendment to the existing Credit Facility, whereby the first four scheduled principal payments, each 2.5% of the total principal amount, originally scheduled for the last day of September 2022, December 2022, March 2023, and June 2023, respectively, have been deferred to August 2026, not reflected in the commitment table above

On June 30, 2022, the Company received a waiver and temporary reduction on certain working capital covenants on the Credit Facility.

As at June 30, 2022, the Company had accrued US$9.0 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, increased to US$14 per ounce as of May 2022. As of June 30, 2022, the Company had paid or accrued as owing to Sprott a total of US$0.4 million on 36,788 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 June 30, 2022, the Company had paid or accrued as owing to Sprott a total of US$2.3 million, representing approximately 1,839 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.

Agreement with First Nations

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 June 30, 2022 (in $ millions. Numbers may not add due to rounding):

	Up to 1 year	**1 to 5 years**	**Total**

Minimum lease payments	$5.8	$4.9	$10.7
Finance charge	$(0.4)	$(0.1)	$(0.5)
Total principal payments	**$5.4**	**$4.8**	**$10.2**

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.

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 June 30, 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.

Leadership Changes

- On April 22, 2022, Mark O'Dea assumed the role of interim President and Chief Executive Officer, replacing Troy Fierro, who stepped down due to personal health issues. Mr. Fierro remains a Director of the Company.
- 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. Both positions were previously held by Maryse Bélanger, who remains a Director of the Company. Further, Phil Smerchanski was promoted to Vice President Exploration & Technical Services.
- On January 4, 2022, Troy Fierro replaced Darin Labrenz as President & CEO. Chris Haubrich, Vice President

Business Development, took on the additional role of CFO, replacing Sean Tetzlaff. Ashley Kates, Corporate Controller, was promoted to Vice President Finance & Corporate Secretary.

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 June 30, 2022, Oxygen holds a refundable deposit of $0.4 million (December 31, 2021 - $0.4 million), on behalf of the Company. During the six months ended June 30, 2022, a total of $0.8 million (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, 2022, the Company has a payable amount to Oxygen of $0.2 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, the VP of Exploration & Technical Services, and the VP Mine General Manager. 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, 2022	Three Months Ended June 30, 2021	**Six Months Ended June 30, 2022**	Six Months Ended June 30, 2021
Salaries and other short-term employee benefits	$ 0.6	$ 0.4	$ 0.9	$ 0.8
Directors fees	0.1	0.1	0.2	0.2
Share-based compensation	0.7	0.4	1.3	1.0
Total	**$ 1.4**	**$ 0.9**	**$ 2.4**	**$ 2.0**

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, deposits 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 June 30, 2022, the Company had not yet generated positive cash flows from operations. The Company has incurred negative cash flows from operations of $35.1 million (2021 - $38.5 million) and a loss for the period of $41.9 million (2021 - $32.6 million). At June 30, 2022, the Company had cash of $12.7 million (December 31, 2021 - $8.5 million), amounts receivable of $0.7 million (December 31, 2021 - $1.2 million), and a net working capital deficit of $24.5 million (December 31, 2021 - $21,980). Although the Company raised approximately $64 million through equity financings in February 2022 and May 2022, 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 six months ended June 30, 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 June 30, 2022.

Cash	$	(0.5) million
Credit Facility	$	12.1 million
Production Payment Agreement	$	0.5 million
Callable Gold Stream	$	3.4 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, 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 June 30, 2022, the fair values of the PPA, the Credit Facility, and the embedded derivatives in the Credit Facility (interest rate floor derivative) 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 $1.0 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 August 15, 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	728,927,886	N/A	N/A
Stock Options	4,250 ,000	$0.49	December 15, 2022
	133,334	$0.54	May 6, 2024
	250,000	$0.64	November 18, 2024
	4,483,334	$0.74	December 13, 2024
	350,000	$0.77	February 19, 2025
	1,760,000	$2.84	December 17, 2025
	400,000	$2.60	January 1, 2026
	350,000	$0.97	October 27, 2026
	4,400,000	$0.70	February 17, 2027
	830,000	$0.75	March 17, 2027
	36,050,000	$0.275	June 13, 2027
Deferred Share Units	1,078,306	Not applicable	
Restricted Share Units	294,507	Not applicable	December 31, 2023
	200,000		October 27, 2024
	2,600,000		February 17, 2025
	637,200		March 17, 2025
	400,000		July 12, 2025
Warrants	10,952,600	$1.36	March 28, 2023
	1,653,810	$1.36	March 28, 2023
	185,072,960	$0.18	November 25, 2022
	43,090,914	$0.18	November 27, 2022
Fully Diluted	1,060,542,352		

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.

Subsequent Events Not Otherwise Described Herein

Subsequent to June 30, 2022, other than already indicated above:

- On July 12, 2022 the Company granted 400,000 RSUs to an officer of the Company. The RSUs vest immediately and expire on July 12, 2025.
- 31,777,501 warrants expired on July 18, 2022.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and presentation of the accompanying financial statements, MD&A and all financial information in the financial statements, 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 Audit Committee has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

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**").

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, 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 six months ended June 30, 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.

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, 2022, are consistent with those applied and disclosed in the Company's Annual Financial Statements, except as noted below. When alternative treatments exist, management has chosen those it deems to be the most appropriate in the circumstances.

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.

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 and six months ended June 30, 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.

Qualified Person

Terrence Smith, P.Eng, PureGold's COO, is the Company's Qualified Person ("**QP**") for the purposes of National Instrument 43-101 Standards of Disclosure for Mineral Projects ("**NI 43-101**"). Mr. Smith 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.

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.

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 (see Qualified Person). 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.

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.

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