This is the 1st affidavit of
C. Haubrich in this case and was
made on October 30, 2022

No. S-228723
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

- AND -

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c. 57

- AND -

IN THE MATTER OF THE PLAN OF COMPROMISE AND ARRANGEMENT OF PURE GOLD MINING INC.

AFFIDAVIT OF CHRIS HAUBRICH
(Sworn October 30, 2022)

AFFIDAVIT

I, Chris Haubrich, of Suite 1900 – 1055 West Hastings, Vancouver, British Columbia, AFFIRM THAT:

1. I am the Vice President of Business Development and Chief Financial Officer of Pure Gold Mining Inc. ("**Pure Gold**" or the "**Company**"), the petitioner in this proceeding. As such, I have personal knowledge of the matters deposed to in this affidavit, except where stated to be based upon information provided to me, in which case I believe the same to be true.

2. I joined Pure Gold in January 2021 and assumed my current role as Pure Gold's Vice President of Business Development and Chief Financial Officer in January 2022, concurrently with other changes to Pure Gold's leadership team as discussed below.

3. Prior to joining Pure Gold, I served as Vice President, Investment Banking with National Bank Financial where I covered the mining industry and advised clients on a wide range of M&A and financing transactions.

4. This affidavit is made in support of Pure Gold's application for an initial order under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 (the "**CCAA**") substantially in the form attached as Schedule "A" to the petition to be filed with this Court concurrently with my affidavit.

5. All references to monetary amounts in this affidavit are to Canadian dollars, Pure Gold's functional currency, unless otherwise stated.

I. OVERVIEW

6. Pure Gold is a Vancouver-based publicly listed British Columbia corporation principally engaged in the acquisition, exploration, development, and operation of Canadian precious metal properties, or interests in companies controlling mineral properties, which feature high metal grades, meaningful size, and access to existing infrastructure. Pure Gold is listed on the TSX Venture Exchange under the symbol "PGM" and the London Stock Exchange under the symbol "PUR".

7. Pure Gold's current principal asset is the "Pure Gold Mine Project", which consists of an operating gold producing underground mine (the "**Mine**") located on an area covering more than 4,600 hectares in the Red Lake mining district of Northwestern Ontario. The Mine's operating infrastructure includes double ramp access from surface, a 1,275-meter-deep shaft, an ore processing facility with a current design capacity of 800 tonnes of ore per day ("**tpd**"), a water treatment facility, tailings and rock storage facilities, and related infrastructure. As of October 1, 2022, approximately 275 of Pure Gold's approximately 285 employees worked at the Mine site. As discussed below, the number of employees working at the Mine site was reduced to approximately 50 as of October 25, 2022 due to the Mine being transitioned to care and maintenance status.

8. Since the completion of a feasibility study for the Mine in 2019, Pure Gold has invested more than $300 million, raised through equity and debt financings and the sale of a gold stream, in the development and operation of the Mine.

9. Notwithstanding Pure Gold's significant investment in bringing the Mine into commercial production, established track record of raising funds on the capital and debt markets, and strong mill performance at the Mine since start-up, the Mine faced significant operational challenges in 2021 that resulted in (a) gold production falling materially short of feasibility and design capacity; (b) costs of operations being significantly higher than feasibility study forecasts; and,

consequently, (c) the Company facing significant short-term liquidity challenges. As a result, despite the Company's success in late 2021 and 2022 in raising additional equity capital, restructuring its debt and changing its management team to address operational challenges, as of October 2022 the Mine had still not reached a state of breakeven cash flow, although significant progress toward that goal had been made. As discussed in more detail below, due to these factors the Company made the decision on October 24, 2022 to place the Mine on care and maintenance status which will result in its employee workforce at the Mine being reduced from approximately 275 to approximately 50.

10. The operational challenges facing the Mine that contributed to the financial difficulties that ultimately led to the decision to place it on care and maintenance status were the subject matter of a press release dated March 28, 2022, in which Pure Gold advised that (a) the Company's cash balance as of that date was approximately $9 million; (b) the Company expected that it would need to seek additional financing in the next 30 days to fund operations and to service the interest on its debt; and (c) the Company would require approximately $50 million in total new funding over the next six months (i.e., April – September 2022) to address its short-term operational challenges. As a result of these announcements, the Company's market capitalization, which was approximately $185 million as of March 31, 2022, was reduced to approximately $87 million as of April 29, 2022.

11. As discussed below, addressing Pure Gold's immediate liquidity crisis, arranging longer term funding, remedying the underlying causes of the failure of the Mine to reach its design capacity, and attaining sustainable positive free cash flow at the corporate level, have been the central focus of the Company in 2022. Pure Gold's efforts in this regard have been overseen by a revised operational leadership team that, since the beginning of 2022, has seen new appointments to the roles of President & Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Vice President – Mine General Manager, Vice President – Finance, and Vice President – Technical Services, among others.

12. In recent months, Pure Gold's revitalized operational leadership team has made significant progress in implementing new initiatives to (a) stabilize the Company's liquidity position including through cost reduction and rationalization measures; (b) improve the performance and efficiency of the Mine; and (c) assess strategic alternatives for the Company and the Mine going forward. These efforts have resulted in improvements to the Company's financial outlook, as noted below.

13. ***First***, the Company has implemented initiatives including cost rationalizations that have resulted in an approximately $4 million per month reduction in Pure Gold's operating expenses in the second and third quarters of 2022. 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%. Prior to transitioning the Mine to care and maintenance, additional cost rationalization efforts were underway, and the Company was targeting additional savings equating to $1 million per month (approximately 10%) in early 2023. The Company has also made improvements to ore production volumes and ore grades resulting in significant quarter-over-quarter production growth in the third quarter of 2022, with further improvements expected in the fourth quarter and beyond. By the third quarter of 2022, the operational improvements to date had resulted in a significant reduction of operating losses. In April 2022, the Company anticipated it would achieve positive site-level cash flow by the third quarter of 2022. In the third quarter of 2022, the Company expected to transition to profit over the next several months. The delay was due in part to decreases in gold price and slower-than-expected production growth over the intervening period.

14. ***Second***, on April 22, 2022, Pure Gold announced that it had entered into an agreement with its senior-secured lender, Sprott Private Resource Lending II (Collector), LP ("**Sprott LP**"), pursuant to which Sprott LP conditionally agreed to: (a) provide an additional, secured, first-priority, non-revolving credit facility ("**Additional Credit Facility**") up to a maximum principal amount of US$6 million; and (b) waive any existing defaults under agreements between Pure Gold and Sprott LP and its affiliates (as described below) for a period of time ending no later than May 15, 2022 (which waiver period was subsequently extended on account of the commercial arrangements described below). Sprott LP's financing commitment was initially conditional upon, among other things, Pure Gold closing an equity financing for net proceeds of not less than US$5 million to be received on or before May 15, 2022 (which deadline was subsequently extended).

15. ***Third***, on May 6, 2022, Pure Gold announced a non-brokered private placement of 200 million units of the Company at a price of $0.15 per unit for aggregate gross proceeds of approximately $31 million (the "**Equity Raise**"). The Equity Raise closed in two tranches. Pursuant to the first tranche that closed on May 25, 2022, Pure Gold issued a total of 185,072,960 units of the Company, at a price of $0.15 per unit, for aggregate gross proceeds of $27,760,944. Pursuant to the second tranche that closed on May 27, 2022, Pure Gold issued a total of 22,168,000 units of the Company, at a price of $0.15 per unit, for aggregate gross proceeds of $3,325,200. Each unit issued under the Equity Raise consists of one common share and one

common share purchase transferable warrant that entitles the holder to acquire one common share of Pure Gold for six months from the applicable closing date at a price of $0.18.

16. ***Fourth***, on May 24, 2022, Pure Gold announced that it would enter into securities for debt settlement agreements with certain service contractors pursuant to which it would issue 20,922,914 units of the Company at a price of $0.15 per unit to settle outstanding debts totaling $3,138,437. The applicable settlement agreements have since closed.

17. ***Fifth***, on July 12, 2022, Pure Gold announced that it had finalized several agreements with Sprott LP and its affiliates, defined below as "**Sprott**", including with respect to the closing of the previously mentioned US$6 million Additional Credit Facility and the implementation of a new debt repayment schedule for the Company's existing debt obligations to Sprott – which totaled approximately $123 million at that time, excluding the gold stream derivative liability.

18. The July 2022 arrangements with Sprott (as more fully described below) included, among other things:

(a) an amendment and restatement of an existing amended and restated credit agreement (defined below as the "ARCA") between Pure Gold and Sprott LP, under which the Company had drawn US$85 million, to provide for the Additional Credit Facility of US$6 million with a maturity date of December 31, 2022, and accruing interest at a rate of 14% per annum, on condition that drawdowns on the Additional Credit Facility would be permitted only to make payments to Sprott including interest under the ARCA (as amended), and under separate production payment and gold stream agreements between Pure Gold and other Sprott entities (as described more fully below);

(b) an agreement with Sprott to defer the first four scheduled principal payments under the ARCA, 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, to a "bullet" payment in August 2026. This "bullet" payment will increase from 35% of the total principal amount to 45% as a result. However, the deferred payments created approximately $12 million of additional liquidity for Pure Gold that would otherwise have been allocated to debt repayments during the relevant period;

(c) an agreement for temporary reductions to the minimum cash and minimum working capital ratio covenants under the ARCA;

(d) an agreement that payments under a production payment agreement between Pure Gold and a Sprott entity (defined below as the "PP Agreement") would be increased from US$10 per ounce to US$14 per ounce; and

(e) the consideration for these amendments being a payment of US$0.5 million which was agreed to be added to the outstanding principal amount with no upfront cash outlay.

19. ***Sixth***, also on July 12, 2022, and as part of Pure Gold's arrangements with Sprott, the Company announced that it had initiated a strategic review process (the "**Strategic Review Process**"), which might include a potential sale or merger of the Company, sale of some or all the Mine, or various other potential long-term financing alternatives. The Strategic Review Process included an engagement by the Company of advisors, including an American multinational independent investment bank and a leading Canadian investment bank to assist the Company in soliciting bids from parties that may be interested in acquiring all its shares and/or all its property and assets. Sprott was consulted on the development of the Strategic Review Process and enjoys certain rights in connection with its conduct.

20. ***Seventh***, on August 10, 2022, Pure Gold announced the release of an updated Mineral Resource Estimate ("**MRE**") prepared in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects. The MRE was subsequently amended on September 23, 2022. The updated MRE shows, among other things, (a) 1.65 million ounces of gold at 7.4 grams per tonne ("**g/t**") within 6.9 million tonnes in the "Indicated Mineral Resource" category; and (b) 0.37 million ounces of gold at 6.3 g/t within 1.8 million tonnes in the "Inferred Mineral Resource" category. The updated MRE is intended to form the basis of a new Pre-Feasibility Study and updated Life of Mine plan, which prior to the decision to put the Mine on care and maintenance was expected to be released by the Company in the fourth quarter of 2022. The MRE and the anticipated Pre-Feasibility and updated Life of Mine plan are critical to the Mine's long-term success. These studies will re-establish the Company's long-term development and production plans for the Mine and are also expected to re-instill investor and stakeholder confidence in the Mine and the associated value proposition following significant deviations in actual operations, when compared to the 2019 Feasibility Study, as previously discussed.

21. The measures described above have allowed Pure Gold to take significant steps towards optimizing its operations to address design capacity issues and rationalizing and reducing its costs, all with a view of growing production and unlocking long term value for stakeholders.

22. As a measure of its success to date in addressing its operational challenges, on September 12, 2022, Pure Gold announced that both its August 2022 ore throughput of 25,188 tonnes or 813 tpd and gold production of 4,595 ounces represent monthly records for the Mine to date. Ore throughput of 24,052 tonnes in July was also a monthly record until being broken in August. The increase in average ore throughput in the third quarter of 794 tpd compared to the second quarter average of 500 tpd has been driven primarily by improved short-range planning processes, improved mining execution, and increased mill availability. The head grade in August of 5.9 g/t Au also increased 90% compared to July at 3.1 g/t Au. This improvement was driven by an increase in mill feed from high-grade stopes.

23. However, notwithstanding these significant improvements in the operation and cost profile of the Mine since March 2022, Pure Gold remains in a liquidity crisis. The Company has fallen short of raising the $50 million that it advised on March 28, 2022 it would require to address its short-term operational challenges. In addition, a significant portion (approximately $10 million) of the funds raised through the Equity Raise went to reducing Pure Gold's accounts payable. As noted above, drawdowns on the Additional Credit Facility were restricted to payments to Sprott including interest under the ARCA (as amended), and under separate production payment and gold stream agreements between Pure Gold and other Sprott entities (as described more fully below).

24. Pure Gold also produced less gold in the second quarter of 2022 than initially expected due in part to significant cash-preservation measures that became necessary while the Company negotiated its equity financing and debt arrangements with Sprott. While these measures were successful, their implementation led to unavoidable business interruptions and losses that included operating the Mine's mill for only 50% of the second quarter of 2022.

25. Pure Gold had also expected at least some additional funding in 2022 to come from the exercise of warrants issued in conjunction with the May 2022 Equity Raise. However, these warrants are currently priced to be exercised at $0.18 per share and, given current market conditions, the Company no longer expects to receive any proceeds from warrant exercises prior to their expiry on November 25-27, 2022.

26. On October 24, 2022, Pure Gold announced that the Company's current cash balance was approximately $2 million, that its net working capital deficit is approximately $13 million, and that the Company has been unable to obtain alternative outside financing to continue operations, complete its ongoing Pre-Feasibility Study and Life-of-Mine plan, and continue its ongoing Strategic Review Process. For these reasons, Pure Gold made the decision to suspend operations and place the Mine on care and maintenance immediately. This step followed an evaluation of several potential alternative scenarios and became necessary because the Mine has not yet achieved consistent positive site-level cash flow, notwithstanding recent reductions in operating costs and sequential quarter over quarter increases in production. As a result of these announcements, the Company's market capitalization declined from approximately $87.5 million as of October 21, 2022 (which was approximately the same market capitalization as in April 2022) to approximately $14.8 million as of October 25, 2022.

27. In the circumstances, absent urgent protection under the CCAA to maintain the status quo as it considers restructuring options for the benefit of its stakeholders, and the injection of additional funding through a proposed interim financing facility (as discussed below), Pure Gold will not be able to meet its obligations as they become due, resulting in a default under its debt obligations. Additionally, in the absence of the imposition of a stay of proceedings and the granting of other relief afforded by the CCAA, there is a risk that Pure Gold's important care and maintenance operations at the Mine could be negatively affected. Any potential disruption of care and maintenance operations could put at risk the well-being of Pure Gold's employees and the environment and local communities surrounding the Mine.

28. Notwithstanding its present financial challenges, Pure Gold's management believes that the Company has a viable business whose value can be stabilized and maximized with the benefit of the protections afforded by the CCAA. In particular, given the stability that will be provided by a stay of proceedings and the proposed interim financing, and with a reasonable amount of time to advance the Company's restructuring efforts, Pure Gold's management is optimistic that the Company will be able to build on the successes of its operational optimization and cost rationalization efforts so as to enhance the overall value of the Company's business to the benefit of its stakeholders as compared to a forced liquidation scenario.

II. BUSINESS OPERATIONS

A. Overview

29. Pure Gold's corporate history dates back approximately fourteen (14) years to 2008. The Company has explored, developed, and operated the Mine for approximately eight (8) of those years.

30. The Company conducts business from its head office, located at leased premises in Vancouver, and from leased premises located at the Mine site in Madsen, Ontario.

31. As of September 30, 2022, the Company had approximately 285 employees. Most of these employees (approximately 275 of 285) worked at the Mine site, with the balance being based in Vancouver. Following the Company's decision to transition the Mine to care and maintenance announced on October 24, 2022, the number of site-based employees is expected to be reduced to approximately 50 from 275.

32. A detailed overview of Pure Gold's business operations can be found in the Company's regulatory filings available on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com.

33. A copy of Pure Gold's Management's Discussion and Analysis, for three and six months ended June 30, 2022 (the "**MD&A**"), as filed on SEDAR, is attached as **Exhibit "A"** to my affidavit.

34. Pure Gold's Annual Information Form, for the Fiscal Year-Ended December 31, 2021, as filed on SEDAR, is attached as **Exhibit "B"** to my affidavit.

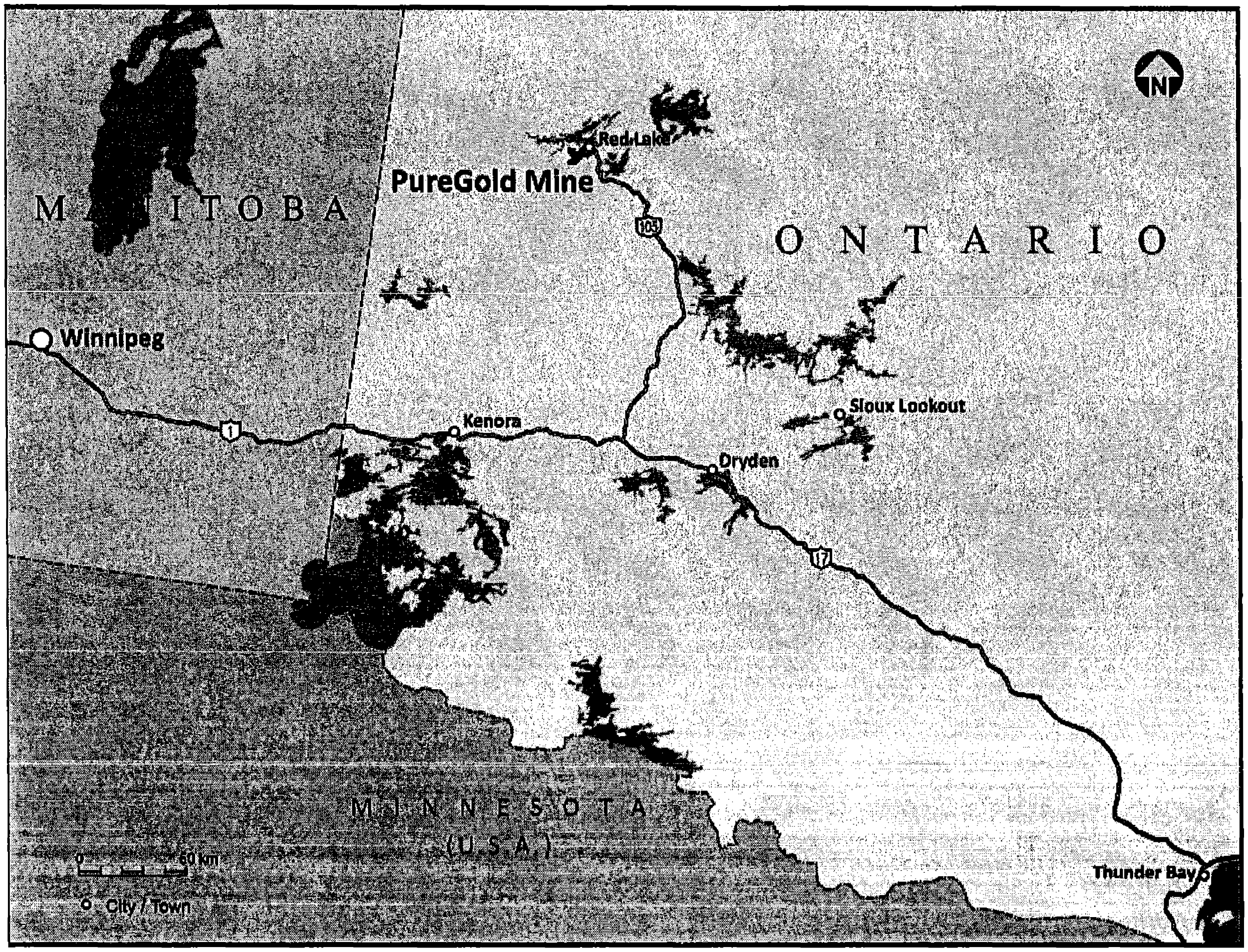
B. The Pure Gold Mine

35. The Mine site is in the Red Lake district of Northwestern Ontario, approximately 440 km northwest of Thunder Bay, Ontario, 260 km east-northeast of Winnipeg, Manitoba, and 10 km south-southwest from the town of Red Lake, Ontario. The property encompassing the Mine has been subject to exploration and development from about 1925, when gold was first discovered in the Red Lake area, until the present.

36. The Mine property comprises a contiguous group of 251 mining leases, mining patent claims and unpatented mining claims covering an aggregate area of 4,648 hectares. Pure Gold owns 100% of all mining leases, patents and unpatented claims comprising the Mine property,

subject to certain royalty interests, none of which apply to tenure covering the Mine's current mineral reserve.

37. The physical location of the Mine property can be depicted as follows:



38. Pure Gold (then Laurentian Goldfields) acquired its 100% interest in the Mine in 2014 and embarked on a property-wide exploration and development program that culminated in the completion of a feasibility study in 2019, Mine construction in 2020, the pouring of first gold in late December 2020, the attainment of design capacity at the Mine's milling facility in March 2021, and the declaration of commercial production at the Mine on August 1, 2021.

39. The Mine's operating infrastructure includes double ramp access from surface, a 1,275-meter-deep shaft, an ore processing facility with a current design capacity of 800 tonnes of ore per day ("**tpd**"), a water treatment facility, tailings and rock storage facilities, and related infrastructure.

40. The MRE's resource statement for the Mine, adjusted to reflect the removal of all historical and recent production to the end of December 2021, is as follows:

Classification	Deposit - Zone	Tonnes	Gold Grade (g/t)	Gold Troy Ounces
Indicated	Madsen – Austin	4,147,000	6.9	914,200
	Madsen – South Austin	1,696,000	8.7	474,600
	Madsen – McVeigh	388,700	6.4	79,800
	Madsen – 8 Zone	152,000	18.0	87,700
	Fork	123,800	5.3	20,900
	Russet	88,700	6.9	19,700
	Wedge	313,700	5.6	56,100
	Total Indicated	6,909,900	7.4	1,653,000
Inferred	Madsen – Austin	504,800	6.5	104,900
	Madsen – South Austin	114,100	8.7	31,800
	Madsen – McVeigh	64,600	6.9	14,300
	Madsen – 8 Zone	38,700	14.6	18,200
	Fork	298,200	5.2	49,500
	Russet	367,800	5.8	68,800
	Wedge	431,100	5.7	78,700
	Total Inferred	1,819,300	6.3	366,200

C. Van Horne Property

41. On March 12, 2018, Pure Gold entered into an "**Option Agreement**" with KG Exploration Canada Inc. ("**Kinross**"), a subsidiary of Kinross Gold Corp., whereby Kinross has the option to acquire up to a 70% interest in the Company's "**Van Horne**" property located in the Eagle-Wabigoon-Manitou Lakes Greenstone Belt near Dryden, Ontario.

42. To earn its interest in the Van Horne property, Kinross was required under the Option Agreement to spend a total of $4 million on the Van Horne property over a four-year period, commencing in March 2018. During the first quarter of 2021, Kinross provided notice to the Company that it had completed it's earn-in to 70% of the Van Horne project.

43. On October 27, 2021, Pure Gold and Kinross entered into a "**Joint Venture Agreement**", whereby Kinross holds an undivided 70% interest in the property and Pure Gold retains the remaining 30%.

44. Pure Gold does not presently anticipate contributing to future exploration costs of the Van Horne property and will allow its interest under the Joint Venture Agreement to dilute accordingly as Kinross funds anticipated costs of developing the Van Horne property.

D. Community Investment

45. As noted above, Pure Gold's operations centre on the Red Lake mining district of Northwestern Ontario, approximately 10 km from the town of Red Lake, Ontario (population of approximately 4,100).

46. Due to its proximity to the Mine, Red Lake is the centre of Pure Gold's day-to-day operational activities at the Mine site. The Company has paid municipal taxes to the Municipality of Red Lake since 2014 (paying approximately $142,000 for the year-ended 2021). Approximately 55% of Pure Gold's 275 employees working at the Mine site prior to the transition to care and maintenance status were local, and all Mine employees generally reside in or near Red Lake. In addition to its own employees, the Company has historically relied on more than one hundred (100) contractors and service providers based in Red Lake or the surrounding areas.

47. The relationship between the Company and Red Lake is very much a symbiotic one. Pure Gold's operations at the Mine are supported by the Red Lake community and its local businesses, and the Red Lake community in turn benefits from employment, business, tax and other benefits and opportunities provided by Pure Gold's operations.

48. In addition to its long-term relationship with the Red Lake community, on July 29, 2019, Pure Gold announced the signing and implementation of a Project Agreement (the "**Project Agreement**") with respect to the Mine with the Wabauskang and Lac Seul First Nations (together, the "**First Nations**"). Wabauskang's community and reserve lands are located approximately 100 km south of Red Lake. Lac Seul's community and reserve lands are located approximately 300 km south of Red Lake.

49. The Project Agreement establishes a long-term, mutually beneficial partnership between Pure Gold and the First Nations by providing for, among other things, communication, cooperation, and collaboration between the First Nations and Pure Gold, as well as a framework

for support for current and future operations of the Mine. The Project Agreement further defines the long-term benefits for the First Nations from the development of the Mine. In turn, both First Nations acknowledge and support Pure Gold's rights and interests in the development and future operation of the Mine.

50. The Project Agreement, among other things:

(a) confirms the First Nations' collaboration with Pure Gold in support of the operational permitting process for the Project and all subsequent regulatory authorizations;

(b) establishes a foundation for employment opportunities, direct contracting opportunities, and Pure Gold's commitment and support for education and training initiatives;

(c) confirms Pure Gold's commitment to sustainable development, to protecting the environment, and direct support for environmental monitoring;

(d) provides for the issuance of 500,000 shares of Pure Gold to each First Nation; and

(e) establishes future financial contributions by Pure Gold commensurate with production.

51. Pure Gold estimates the total cost of the Project Agreement, over the life of the Mine, to be approximately $14 million.

III. FINANCING OF BUSINESS OPERATIONS

A. The Sprott Financing Package

i. Overview

52. On August 6, 2019 the Company closed a US$90 million project financing package for the Mine (the "**Sprott Financing**").

53. The initial amount of the Sprott Financing, prior to the amendments discussed below, was comprised of:

(a) a US$65,000,000 senior secured non-revolving "**Credit Facility**" established pursuant to the terms of a "**Credit Agreement**" dated August 6, 2019, between Pure Gold, as borrower, and Sprott LP;

(b) a Production Payment Agreement dated August 6, 2019 (the "**PP Agreement**") between Pure Gold, as payor, and Sprott Private Resource Lending II (CO), Inc. ("**Sprott Lending**"), as payee, pursuant to which Pure Gold agreed to make certain payments to Sprott Lending in connection with the sale, disposition, or transfer by the Company of payable gold subject to the terms of the PP Agreement; and

(c) a Purchase and Sale Agreement dated August 6, 2019 (the "**Gold Stream Agreement**") between Pure Gold, as seller, and Sprott Lending, as purchaser, providing for a US$25 million gold stream.

54. Pursuant to a Security Sharing and Agency Agreement dated August 6, 2019 (the "**Security Sharing Agreement**"), Sprott LP, in its capacity as lender under the Credit Agreement, and Sprott Lending, in its capacity as purchaser under the Gold Stream Agreement and payee under the PP Agreement, agreed to establish and appoint Sprott Resource Lending Corp. ("**Sprott Corp.**") to enter into security documents and hold security for Pure Gold's obligations under the Credit Agreement, the PP Agreement, and the Gold Stream Agreement on behalf of Sprott LP and Sprott Lending.

55. The security that is subject to the Security Sharing Agreement includes:

(a) a General Security Agreement dated August 6, 2019 (the "**Sprott GSA**") between Pure Gold, as debtor, and Sprott Corp., as security agent, providing a first-ranking security interest over all the Company's assets; and

(b) a secured Demand Debenture dated August 6, 2019, as amended by a First Supplemental Debenture executed in April 2021 and a Second Supplemental Debenture dated July 11, 2022 (collectively, the "**Sprott Debenture**") in the principal sum of US$165 million charging Pure Gold's real property, including all owned and leased lands and mining rights (as specified in the Sprott Debenture).

(together, the "**Sprott Security**").

56. Sprott LP, Sprott Lending and Sprott Corp. are collectively referred to in my affidavit as "**Sprott**".

57. As noted above, and discussed in more detail below, Sprott's initial 2019 commercial arrangement with Pure Gold was amended including in April 2021, December 2021, January 2022, and July 2022.

ii. The Credit Agreement

58. The initial US$65 million Credit Facility provided under the Credit Agreement was fully drawn by the Company as of December 31, 2020 and utilized to fund the capital costs to develop the Mine.

59. 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 operations at the Mine continued. To address its short-term capital concerns, on March 30, 2021, Pure Gold reached an agreement with Sprott to amend the terms of the Credit Facility to increase the amount available to the Company by a further US$20 million. An Amended and Restated Credit Agreement (the "**ARCA**") was fully executed on April 14, 2021, to give effect to this increase.

60. The company drew US$12.5 million of the additional funds made available pursuant to the ARCA and the remaining US$7.5 million in June 2021, upon the satisfaction of certain conditions.

61. The ARCA also provided for the deferral of cash interest payments until June 30, 2021, and minor changes to certain covenants. In consideration of the execution of the ARCA, Pure Gold was required to pay Sprott prepaid interest in an amount equal to 4% of the additional debt amount in shares. This was satisfied through the issuance of 714,229 common shares in June 2021.

62. In December 2021 and January 2022, respectively, amendments to the ARCA to change certain working capital covenants as well as to defer the Completion Date (defined below) from December 31, 2021, to June 30, 2022. The Company's prepayment option (discussed below) was also amended from August 7, 2021, to January 1, 2023. In addition, the Company's quarterly interest payment owing on December 31, 2021, as well as the additional interest payment of approximately US$1.5 million was deferred to be paid in cash in February 2022.

63. As noted above, on April 22, 2022, Pure Gold entered into an agreement (the "**Agreement**") with Sprott LP whereby Sprott LP conditionally agreed to: (a) provide the Additional

Credit Facility of US$6 million; and (b) waive any existing defaults (the "**Existing Defaults**") under the ARCA, PP Agreement, or Gold Stream Agreement for a period of time ending no later than May 15, 2022 (subsequently amended to May 23, 2022) (the "**Waiver Period**").

64. The closing of the Additional Credit Facility was, as noted above, subject to the satisfaction of certain conditions in Sprott LP'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.

65. On June 30, 2022, the Company received a waiver and temporary reduction on certain working capital covenants on the credit facility made available under the ARCA.

66. On July 12, 2022, Pure Gold and Sprott LP agreed to an amended and restated ARCA (the "**Second ARCA**"). Pursuant to the Second ARCA, and as noted above, Sprott LP provided the Company with the additional secured, first-priority, non-revolving Additional Credit Facility up to a maximum principal amount of US$6 million. Drawdowns on the Additional Credit Facility are permitted for payments owing to Sprott including interest and obligations under the PPA Agreement and Gold Stream Agreement. The first such drawdown was made on July 11, 2022 in respect of amounts owing to Sprott LP as of June 30, 2022. The Additional Credit Facility matures on December 31, 2022 and accrues interest at a rate of 14% per annum.

67. Additionally, as noted above, pursuant to the terms of the Second ARCA, Pure Gold agreed with Sprott LP to defer the first four scheduled principal repayments, 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, to the "bullet payment in August 2026. The "bullet" payment will increase from 35% of the total principal amount to 45% as a result.

68. Pursuant to a waiver granted by Sprott LP on June 30, 2022, Sprott LP agreed to temporary reductions to the minimum cash and minimum working capital ratio covenants to US$5 million (approximately CDN$6.5 million at the current exchange rate) and 0.75x, respectively, for the months ending June 30 and July 31, 2022.

69. Interest accrues on the outstanding principal amount under the Credit Facility as follows:

(a) at a floating rate equal to a base rate of 6.75% per annum plus the greater of (i) LIBOR and (ii) 2.50% per annum for any advance other than a "2022 Advance" (as defined in the Second ARCA); and

(b) in the case of each 2022 Advance, 14% per annum.

70. The Company may elect to prepay the outstanding principal balance under the Credit Facility in whole or in part provided that the Company makes such prepayment during the period commencing January 1, 2023, except with prior written consent of Sprott. Any prepayment after this date does not carry any penalty.

iii. The Sprott PP Agreement

71. Pursuant to the PP Agreement, the Company received an advance payment of approximately US$4 million from Sprott.

72. Repayment of the advance was to be completed through monthly production payments, equal to US$10 multiplied by the number of ounces of gold sold during the period from August 6, 2019 until 500,000 ounces of gold has been produced (the "**Participation Amount**"). Pursuant to Pure Gold's July 2022 arrangement with Sprott, Pure Gold and Sprott Lending entered into a First Amendment to Production Payment Agreement dated July 11, 2022 that increased the Participation Amount from US$10 to US$14.

73. The Company has a right to terminate the PP Agreement at any time upon payment of a termination fee equal to the outstanding Participation Amount multiplied by US $14.

iv. The Sprott Gold Stream

74. The Company received a US$25 million advance (the "**Deposit**") on August 7, 2019 from Sprott as a prepayment for 5.0% of the gold production until 50,000 ounces of refined gold has been delivered, after which the gold stream reduces to 2.5% of gold production.

75. For each ounce of refined gold delivered to Sprott in accordance with the Gold Stream Agreement, the Company will receive a purchase price equal to 30% of the London Bullion Market Association gold price in U.S. dollars quoted by the London Bullion Market Association (the "**Gold Reference Price**") at the date of calculation (the "**Fixed Gold Price**").

76. Until the date where the Deposit is reduced to zero, an amount equal to the number of ounces of refined gold sold multiplied by the difference between the Gold Reference Price and the Fixed Gold Price shall reduce the uncredited balance of the Deposit on the applicable delivery date.

77. The Gold Stream has an initial term of thirty (30) years from August 6, 2019. The term is automatically extended by successive ten (10) year periods if the life of mine continues for the Mine. If by the end of the life of mine, the Company has not sold to Sprott an amount of refined gold sufficient to reduce the Deposit to $0, then a refund of the uncredited balance, without interest, shall be due and owing by the Company to Sprott.

78. Instead of accepting ounces of refined gold, at each outturn date, Sprott may instead require the Company to pay in cash, an amount equal to the product arrived at by multiplying the number of ounces of refined gold to be sold by the difference between the Gold Reference Price and the Fixed Gold Price.

B. Equity Financings

79. In the period from March 2019 until the present, Pure Gold has successfully raised gross proceeds of approximately $174 million on the equity capital markets plus another $17 million from the exercise of share purchase warrants. Details of the Company's equity financings during this period are as follows:

80. On March 29, 2019, the Company issued a total of 7,723,975 common shares on a flow through basis (the "**2019 FT Shares")**, at a price of $0.67 per 2019 FT Share, for gross proceeds of $5,175,063.

81. On July 18, 2019, the Company closed a bought deal private placement (the "**July 2019 Offering**") and concurrent non-brokered private placement (the "**July 2019 Non-Brokered Private Placement**" and together with the July 2019 Offering, the "**July 2019 Transactions**"). Pursuant to the July 2019 Offering, Pure Gold issued a total of 62,714,000 units of the Company (the "**July 2019 Units**"), at a price of $0.55 per July 2019 Unit, for aggregate gross proceeds of $34,492,700.

82. Pursuant to the July 2019 Non-Brokered Private Placement, the Company issued a total of 23,700,000 July 2019 Units, at a price of $0.55 per July 2019 Unit, for aggregate gross proceeds of $13,035,000.

83. On June 17, 2020, the Company completed a non-brokered private placement of 9,868,421 Charity Flow Through Shares (the "**Charity FT Shares**") at a price of $1.52 per Charity FT Share, for gross proceeds of $15,000,000.

84. On May 5, 2021, the Company completed a bought-deal offering of 11,348,700 Flow Through Shares (the "**FT Shares**") at a price of $1.52 per FT Share, for gross proceeds of $17,250,000.

85. On September 28, 2021, the Company completed a bought-deal offering of 21,905,200 units at a price of $1.05 per unit for gross proceeds of $23,000,000.

86. On October 15, 2021, the Company completed a non-brokered private placement whereby the Company issued a total of 3,307,619 units of the Company at a price of $1.05 per unit for total proceeds of $3,473,000.

87. On February 15, 2022, the Company completed a brokered and a concurrent non-brokered equity financing, whereby the Company issued a total of 58,948,000 common shares of the Company at a price of $0.53 per common share of the Company for total proceeds of $31,242,000.

88. On May 25, 2022 and May 27, 2022, respectively, the Company closed first and second tranches of the Equity Raise. Between the first and second tranches, the Company issued a total of 207,240,960 units at a price of $0.15 per unit, for aggregate proceeds of $31,086,144.

IV. NEED FOR CREDITOR PROTECTION

89. Given its present financial and liquidity challenges, Pure Gold urgently requires a stay of proceedings under the CCAA to maintain the status quo and obtain the "breathing room" required to consider strategic restructuring alternatives and pursue and implement a restructuring strategy.

90. It is imperative for the success of any such strategy that current and potential actions against Pure Gold be stayed, that its current customer and supplier contracts and arrangements be preserved to the extent necessary, and that Pure Gold be given authorizations under the CCAA to obtain interim financing given its present liquidity position.

91. With the benefit of the protection afforded by the CCAA, Pure Gold will be able to maintain the value of its assets, and generally stabilize its financial position for the continued benefit of its stakeholders as restructuring alternatives are considered by the Company.

92. In the absence of the imposition of a stay of proceedings and the granting of other relief afforded by the CCAA, there is the risk that Pure Gold's care and maintenance operations at the Mine would be negatively affected. As noted above, any potential disruption of care and maintenance operations could put at risk the well-being of Pure Gold's employees and the environment and local communities surrounding the Mine.

93. To protect against such negative effects and to address the Company's current financial difficulties and liquidity challenges, Pure Gold's current plan while under CCAA protection involves, among other things, efforts to:

(a) safely transition the Mine to a state of care and maintenance to reduce costs and stabilize operations pending the implementation of the Company's restructuring strategy;

(b) provide comfort to Pure Gold's stakeholders of the Company's ability to continue operating as a going concern as the Company continues with its restructuring efforts;

(c) revitalize and continue with the Strategic Review Process with the assistance of the Monitor and under the supervision of this Court;

(d) consult with key stakeholders; and

(e) obtain interim financing to address the Company's operating needs to facilitate the implementation of the foregoing restructuring efforts.

94. In furtherance of the above restructuring efforts, and to align its operations with its current liquidity position, Pure Gold has transitioned the Mine to temporary care and maintenance status as announced on October 24, 2022, and expects to maintain this status while under CCAA protection. This step will significantly reduce the variability in the Company's net cash flows and allow management to focus on restructuring objectives, while ensuring the continuation of essential functions at the Mine to protect the integrity of the operation of the Mine for eventual restart. Essential functions conducted under care and maintenance are anticipated to include ongoing mine dewatering and water treatment, maintaining environmental compliance and permits, and general housekeeping and maintenance of the site and all key infrastructure to maximize value preservation. These measures will allow for the Company to maintain a workforce

of approximately 50. While in care and maintenance, the Company expects to define an optimized Mine restart plan, complete its ongoing Pre-Feasibility Study and Life-of-Mine plan, and continue its Strategic Review Process. The expected monthly cost of the care and maintenance program is approximately $1.8 million excluding offsite costs. The Company projects that it will in total require approximately $3 million to $4 million per month to keep the Mine on care and maintenance, meet its offsite costs, and to fund the costs of these proceedings.

95. With respect to the Strategic Review Process, Pure Gold is currently engaged in consultations with its advisors and Sprott and the Monitor on how to revitalize and continue with the Strategic Review Process in the context of these CCAA proceedings. It is currently anticipated that Pure Gold will be bringing an application to this Court in the near term for an order approving a sales and investment solicitation process to be conduced under the supervision of this Court.

96. While the Company is currently in a challenging financial position, it has made significant management changes and implemented several initiatives that in recent months have resulted in cost savings, production improvements, the potential for further enhancements to operations in the future, and a path forward for the Company. Given a reasonable period to advance its restructuring efforts, with the protections afforded by the CCAA, Pure Gold's management is optimistic that the overall value of the Company's business will likely be enhanced to the benefit of its stakeholders.

97. Preserving the going concern value of Pure Gold's business will likely achieve a better long-term result for the Company's stakeholders than a forced liquidation of its assets.

V. RESTRUCTURING MATTERS

A. Financial Statements

98. A copy of Pure Gold's unaudited Condensed Interim Financial Statements for the three and six months ended June 30, 2022 and 2021 is attached as **Exhibit "C"**. A copy of Pure Gold's audited financial statements for the years December 31, 2021 and 2020 is attached as **Exhibit "D"**.

B. Summary of Assets and Liabilities

99. As of June 30, 2022, Pure Gold had total assets with a book value of approximately $272 million, consisting of current assets with a book value of approximately $23.2 million and non-current assets with a book value of approximately $248.8 million.

100. As of June 30, 2022, Pure Gold had total liabilities with a book value of approximately $204.7 million, consisting of current liabilities with a book value of approximately $47.7 million and non-current liabilities of approximately $157 million.

101. As of October 31, 2022, the Company's current liabilities also include approximately $16 million in accounts payable and accrued liabilities owing primarily to utility companies, equipment providers, and other suppliers to the Mine, including critical service suppliers, such as companies that provide dewatering services.

102. The Company's largest non-current liabilities consist of its liabilities to Sprott, including (a) the liability to Sprott for loans and borrowings under the Sprott Financing (approximately $123 million as of June 30, 2022); and (b) the gold stream derivative liability to Sprott (approximately $33 million as of June 30, 2022). The amounts owing to Sprott under the Sprott Financing have increased since June 30, 2022.

103. The Company also has a non-current liability of approximately $16.4 million for the provision of closure and reclamation. In this regard, Pure Gold is the principal under a Closure Plan Surety Bond dated August 17, 2020 (the "**Surety Bond**") granted by XL Specialty Insurance Company, as surety (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.

104. The obligations associated with the Surety Bond are generally related to performance requirements that Pure Gold addresses through its ongoing operations. As specific requirements are met, the Company's liability to MNDM under the Surety Bond is reduced. The Surety Bond 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 all losses, fees, costs and expenses of any kind and nature which the Surety might sustain or incur upon the execution of the Surety Bond.

105. On April 4, 2022, a securities class action lawsuit was filed in the British Columbia Supreme Court against Pure Gold and others, including certain past and present directors and officers of Pure Gold. The lawsuit alleges failures under Canadian securities law to disclose certain information with respect to Pure Gold's operation of the Project. It seeks, among other things, certification of a class of plaintiffs composed of all persons and entities who purchased

Pure Gold's securities in the period between March 31, 2021 and March 30, 2022, and damages in an unquantified amount.

106. Pure Gold has approximately twenty-one (21) *Personal Property Security Act* (Ontario) registrations against its assets by ten (10) parties including Sprott, eleven (11) *Personal Property Security Act* (British Columbia) registrations against its assets by six (6) parties including Sprott, and one (1) *Personal Property Security Act* (Saskatchewan) registration against its assets. These registrations are primarily in respect of (a) financed equipment and serial numbered goods, (b) pledges of financial collateral, and (c) the Sprott Security.

107. Pure Gold has two (2) land registry office (Ontario) registrations against its leased lands in respect of the Sprott Security.

108. Pure Gold has approximately five (5) land registry office (Ontario) registrations against its unpatented mining claims by five (5) parties. These registrations are primarily in respect of royalty agreements and the Sprott Security.

109. Pure Gold has approximately fifteen (15) land registry office (Ontario) registrations against its owned lands by thirteen (13) parties, including Sprott. These registrations are primarily in respect of royalty agreements and the Sprott Security.

C. Payments During CCAA Proceedings

110. During these CCAA proceedings, Pure Gold intends to make payments for goods and services supplied to Pure Gold post-filing as set out in the cash flow projections referred to below and as permitted by the proposed form of initial CCAA order.

111. Additionally, Pure Gold seeks the Court's approval to make payment of pre-filing amounts or to honor cheques issued to providers of goods and services prior to the date of filing that Pure Gold, in consultation with the proposed monitor, believes are necessary to facilitate Pure Gold's ongoing care and maintenance operations and to preserve value in these CCAA proceedings.

112. The payment of pre-filing amounts is crucial for Pure Gold to maintain positive relationships with its current goods and services suppliers who are not subject to long-term contracts and who may otherwise increase prices for goods and services provided should these relationships deteriorate. In addition, Pure Gold believes that the payment of these pre-filing

amounts will ensure the entire business of Pure Gold remains intact, which will preserve value for the benefit of Pure Gold and its stakeholders.

113. Pure Gold anticipates making payments with the consent of the Monitor and Interim Lender (as defined below) with respect to pre-filing amounts to suppliers of goods and services generally falling into two categories as assessed in accordance with the criterial set out in the proposed form of initial CCAA order.

114. First, service providers engaged in completing Pure Gold's new Pre-Feasibility Study and updated Life of Mine plan, which prior to the decision to put the Mine on care and maintenance was expected to be released by the Company in the fourth quarter of 2022. As noted above, the new Pre-Feasibility Study and updated Life of Mine plan are critical to the Mine's long-term success. These studies will re-establish the Company's long-term development and production plans for the Mine and are also expected to re-instill investor and stakeholder confidence in the Mine and the associated value proposition following significant deviations in actual operations, when compared to the 2019 Feasibility Study, as previously discussed.

115. Second, providers of goods and services that are required to maintain the Mine site during care and maintenance including ongoing mine dewatering and water treatment, maintaining environmental compliance and permits, and general housekeeping and maintenance of the site and all key infrastructure.

116. The goods and services provided by the above-mentioned categories of suppliers are by their nature critical to supporting Pure Gold's (a) restructuring efforts generally and (b) care and maintenance operations that protect the health and safety of Pure Gold's employees who remain actively employed in such operations, safeguarding the environment, and preserving the Mine in compliance with applicable environmental permits and licensing requirements.

117. The ability of Pure Gold to make payments to the above-mentioned suppliers is accordingly critical and necessary to maintaining the stability for the continued operation of Pure Gold's business during the CCAA proceedings and to allow Pure Gold to advance its restructuring efforts for the benefit of its stakeholders.

D. Cash-flow Projections

118. Pure Gold recently retained KSV Restructuring Inc. ("**KSV**") as the proposed monitor in these CCAA proceedings and to assist Pure Gold with the preparation of cash-flow projections

as required by the CCAA. Pure Gold's management has worked with KSV to prepare the cash-flow projections attached and marked as **Exhibit "E"** hereto for the thirteen (13) week period ending January 27, 2023 (the "**Cash-flow Projections**"). Based on the Cash-flow Projections, Pure Gold should have enough cash to operate through the forecast period, assuming that the interim financing it is seeking on this application (as discussed below) is approved.

119. Based on my knowledge of Pure Gold's financial position and the assumptions set out in the Cash-flow Projections, I believe that the Cash-flow Projections are accurate and reasonable, noting that:

(a) the hypothetical assumptions set out in the Cash-flow Projections are reasonable and consistent with the purpose of the projections described in the Cash-flow Projections. The probable assumptions are suitably supported and consistent with Pure Gold's plans and provide a reasonable basis for the projections. All such assumptions are disclosed in the notes to the Cash-flow Projections;

(b) since the projections are based on assumptions regarding future events, actual results will vary from the information presented and the variations may be material; and

(c) the projections have been prepared solely for the purpose described in the notes to the Cash-flow Projections, using the probable and hypothetical assumptions set out in the notes to the Cash-flow Projections. Consequently, readers of the Cash-flow Projections are cautioned that they may not be appropriate for other purposes.

E. The Monitor

120. Subject to court approval, KSV is prepared to act as monitor of Pure Gold in these CCAA proceedings on the terms set out in the Company's proposed initial CCAA order. Attached as **Exhibit "F"** to my affidavit is a copy of the signed KSV consent to act as Pure Gold's monitor. KSV has served a financial advisor to Sprott in connection with Pure Gold's Strategic Review Process and is informed and knowledgeable about the Company and its recent financial challenges and restructuring efforts. I believe that KSV is qualified and competent to act as Pure Gold's monitor in these proceedings.

F. Court Ordered Charges

i. Administration Charge

121. As noted above, KSV has consented to act as monitor (in such capacity, the "**Monitor**") in these proceedings to provide supervision, monitoring and to generally assist Pure Gold with its restructuring efforts, including the potential preparation of a CCAA plan to be put to their creditors.

122. The Monitor, counsel for the Monitor, and Pure Gold's counsel will be essential to the Pure Gold's restructuring efforts. They are prepared to provide or continue to provide professional services to Pure Gold if they are protected by a first-ranking priority charge (the "**Administration Charge**") over Pure Gold's assets.

123. Pure Gold believes that an Administration Charge in the amount of $750,000 is fair and reasonable and will provide the level of appropriate protection for the payment of Pure Gold's essential professional services given the size and complexity of Pure Gold's business.

ii. Directors' and Officers' Charge

124. It is contemplated that Pure Gold's directors and officers would be granted a second-ranking priority charge (the "**D&O Charge**") on the assets, property, and undertakings of Pure Gold's assets up to the maximum amount of $650,000.

125. Pure Gold believes that the D&O Charge is fair and reasonable in the circumstances.

126. A successful restructuring of Pure Gold's business will only be possible with the continued participation of Pure Gold's directors and officers. These individuals have specialized expertise and relationships with Pure Gold's stakeholders that cannot be replicated or replaced.

127. Pure Gold's directors and officers have the benefit of directors' and officers' liability insurance coverage (the "**D&O Coverage**"). The D&O Coverage provides for $35 million in total coverage and the current policies will expire on March 24, 2023. It is comprised of a tower consisting of the following layers:

(a) Primary: Zurich Insurance Company of Canada, Policy No. 8616175-03, limit of $5 million;

(b) First Excess: AIG Insurance Company of Canada, Policy No. 03-950-26-59, limit of $5 million;

(c) Second Excess: Allied World Specialty Insurance Company, Policy No. 0312-2799, limit of $5 million;

(d) Third Excess: Victor Canada, Policy No. DOX591572, limit of $5 million;

(e) Fourth Excess: Beazley Canada, Policy No. 15650092, limit of $5 million;

(f) Fifth Excess: Arch Insurance Canada, Policy No. DOX0067875-00, limit of $5 million; and

(g) Side A: Chubb Insurance, Policy No. 99929690, limit of $5 million.

128. Although the D&O Coverage provides insurance to Pure Gold's directors and officers for certain claims that could be brought against them in their capacities as directors and/or officers, the D&O Coverage is subject to conventional exclusions and limitations. Accordingly, there is a potential for insufficient coverage in respect of potential director and officer liabilities incurred in connection with these CCAA proceedings. The directors and officers of Pure Gold have expressed their desire for certainty with respect to their potential personal liability if they continue in their current capacities in the context of these CCAA proceedings.

129. The D&O Charge is vital to encouraging the continued participation of the directors and officers in these CCAA proceedings. Pure Gold's directors and officers will provide necessary experience and stability to Pure Gold's business and guide Pure Gold's restructuring efforts. It is critical that a level of continuity be maintained within Pure Gold to ensure focus on achieving a restructuring plan that will benefit Pure Gold' stakeholders.

G. Interim Financing

130. As demonstrated in the Cash-flow Projections, Pure Gold will require interim financing to pursue its restructuring efforts in the context of these CCAA proceedings and to allow payment of financial obligations, including obligations to employees and trade creditors, as well as to allow Pure Gold to properly retain both the proposed Monitor and legal counsel to assist and advise Pure Gold in relation to restructuring options.

131. To address its urgent liquidity needs, the Company has agreed with Sprott on the terms of an Interim Financing Term Sheet (as copy of which is attached as **Exhibit "G"** to my affidavit) pursuant to which Sprott LP will make the necessary "**Interim Financing**" available to Pure Gold.

132. The Interim Financing provides for a credit facility up to a maximum amount of US$10 million. However, Pure Gold is only requesting at this time that is be authorized by this Court to immediately obtain advances under the Interim Financing of up to US$2 million to meet its immediate cash needs as indicated in the Cash-flow Projections.

133. The Company's current cash on hand is only $260,000. Absent the authorization to borrow the initial amount of US$2 million, the Company will not have the liquidity it requires to fund its immediate operational needs, including payroll for employees critical to mine maintenance and preservation. Without the injection of this immediate working capital, the value of the Mine will erode rapidly and there is a materially increased risk of significant environmental issues. Pure Gold will seek authorization to borrow up to the maximum principal amount of the Interim Financing facility on a future application to this Court.

134. The terms of the proposed Interim Financing Term Sheet, which are more fully set out in the Interim Financing Term Sheet, are as follows (with capitalized terms not otherwise defined in my affidavit having the meanings ascribed to them in the Interim Financing Term Sheet):

Borrower:	Pure Gold Mining Inc.
Lender:	Sprott Private Resource Lending II (Collector), LP
Purpose:	To fund, among other things, payment of Pure Gold's professional fees and restructuring costs, interest under the Interim Facility, and operating expenses, as well as other such costs as agreed to by the Interim Lender (as consented to by the Monitor).
Interim Facility:	A super-priority, debtor-in-possession interim, non-revolving credit facility up to a maximum principal amount of US $10,000,000.
Interest Rate:	15% per annum
Fees:	None
Interim Lender Charge:	All Interim Financing Obligations shall be secured by the "**Interim Lender Charge**", granted by the Court on terms and conditions satisfactory to the Interim Lender in their sole discretion.
Priority of Interim Lender Charge:	The Interim Lender Charge will rank subsequent to the Administration Charge and the D&O Charge.
Maturity Date:	The Petitioner will repay all of the Interim Financing Obligations in full, on the earlier of: (i) the occurrence of any Event of Default which is continuing and has not been cured; (ii) the implementation of a plan of compromise or arrangement within the CCAA proceedings which has

	been approved by the requisite majorities of the Petitioner's creditors and by an order of the Court; (iii) conversion of the CCAA proceedings into a proceeding under the *Bankruptcy and Insolvency Act* (Canada); and (iv) the date that is six months from the date of the Initial Advance
Conditions Precedent:	Usual and customary (but material) for an interim facility of this type.
Affirmative Covenants:	Covenants include delivery to the Interim Lender of documents required pursuant to the Interim Financing Term Sheet, providing to the Interim Lender regular updates as to the status of these CCAA proceedings, and conducting all activities in a manner consistent with the Agreed Budget.
Negative Covenants:	Covenants include not to transfer, lease, farm-out or otherwise dispose of property, assets or undertakings, except for Permitted Dispositions up to a maximum amount of $500,000 or enter into any contract or agreement that involves potential expenditures in excess of $200,000 without prior consent of the Interim Lender, and that the Petitioner shall not agree to or consent to any Liens over Collateral except for Permitted Liens.
Events of Default:	Events of Default include the issuance of an order dismissing these CCAA proceedings or lifting the stay of proceedings to permit the enforcement of a Lien against the Petitioner, and any Revised Budget that (a) contemplates or forecasts an adverse change or changes from the then-existing Agreed Budget, and such change(s) constitute a Material Adverse Change or (b) contemplates or forecasts a cash flow deficit in excess of $500,000 or the equivalent amount thereof in any other currency or (ii) there shall exist an overall negative expense variance in excess of the greater of 15% % or $100,000 in the then current Agreed Budget.

135. Pure Gold's management believes that the terms of the Interim Financing Term Sheet are reasonable and appropriate in the circumstances given (a) Pure Gold's urgent need for funding to implement its restructuring efforts including the revitalization and continuation of the Strategic Review process; (b) the need for funding to preserve the value of the Mine and its operational and environmental integrity pending the completion of the Strategic Review Process under the supervision of this Court; and (c) the provision of the Interim Financing by Sprott, as the Company's senior secured creditor.

136. In the circumstances, having regard to Pure Gold's current financial needs, the way Pure Gold's business and financial affairs are to be managed pending the implementation of its restructuring efforts, and the nature and value of Pure Gold's property, I believe that the approval of the Interim Financing is the best available option for the Company to preserve value and

enhance the prospects of a successful restructuring of Pure Gold's business in the interest of its stakeholders.

VI. CONCLUSION

137. For the above reasons, Pure Gold requests that this Court grant it protection under the CCAA on the terms sought in the Petition filed concurrently with my affidavit.

AFFIRMED BEFORE ME at Vancouver, British Columbia on October 30, 2022 A Commissioner for taking Affidavits for British Columbia	)	CHRIS HAUBRICH

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This is Exhibit "A" referred to in the Affidavit of Chris Haubrich sworn before me at Vancouver, British Columbia this 30th day of October, 2022

A Commissioner for Taking Affidavits
for British Columbia

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puregold

Pure Gold Mining Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2022

Pure Gold Mining Inc.
Management's Discussion and Analysis
For the three and six months ended June 30, 2022

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.

Interest and finance costs

	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.

Change in fair value of derivatives

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:

Pure Gold Mining Inc.
Attention: Mark O'Dea, Interim President, Chief Executive Officer and Director Suite 1900 - 1055 West Hastings Street
Vancouver, BC, Canada V6E 2E9 , Tel: (604) 646-8000, Fax: (604) 632-4678
Website: www.puregoldmining.ca Email: info@puregoldmining.ca

PURE GOLD MINING INC.

/s/ "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

This is Exhibit "B" referred to in the Affidavit of Chris Haubrich sworn before me at Vancouver, British Columbia this 30th day of October, 2022

A Commissioner for Taking Affidavits
for British Columbia

CLAIRE HILDEBRAND
Barrister & Solicitor
BLAKE, CASSELS & GRAYDON LLP
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595 Burrard St., P.O. Box 49314
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Pure Gold Mining Inc.

Annual Information Form
for the fiscal year-ended December 31, 2021

Dated March 30, 2022

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TSX-V: PGM

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

All statements in this AIF, other than statements of historical fact, are "forward-looking information" with respect to PureGold within the meaning of applicable securities laws, including, but not limited to, statements with respect to those that address potential effect of the COVID-19 pandemic, the quantity and/or grade of minerals, potential size and expansion of a mineralized zone, proposed timing of exploration and development plans, the growth potential of the PureGold Mine Project (the "**PureGold Mine**") (formerly called the **Madsen Gold Project or the PureGold Red Lake Mine**) and opportunities for scalability, the potential to increase after-tax net present value to the PureGold Mine, the potential for Russet South, Fork and Wedge deposits to be economically viable, planned mining methods, mineral processing and sources of power, expected annual production, potential profitability of the PureGold Mine at lower metal prices, expected capital costs, expected internal rate of return ("**IRR**"), anticipated permitting requirements and timing thereof, expected development schedule, potential conversion of inferred resources to measured and indicated resources, potential extension and expansion of mineral resources, the focus of the Corporation in the coming months, the effect of changes to mine planning and scheduling, continuing to incur losses at the PureGold Mine Project, the requirement for additional financing to continue operations, timing of the Corporation gaining access to stopes accessible by the East portal, the expected effect of increased development of the main ramp, local use of more selective mining methods and the addition of the stopes from the East ramp, potential future mining facility expansions and increases in audit related fees.

Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "planned", "expect", "project", "predict", "potential", "targeting", "intends", "believe", "potential", and similar expressions, or describes a "goal", or variation of such words and phrases or states that certain actions, events or results "may", "should", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking information is not a guarantee of future performance and is based upon a number of estimates and assumptions of management at the date the statements are made including, among others, assumptions about future prices of gold and other metal 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 resource and mineral reserve estimates, successful resolution of disputes and anticipated costs and expenditures. Many assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks and uncertainties, contingencies and other factors that are not within the control of PureGold and could thus 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 and there is no assurance they will prove to be correct.

Such forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of PureGold to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information, including, without limitation, the following:

- risks related to operations as a result of the COVID-19 pandemic

- risks related to the operations, exploration and development of a mineral property, including the speculative nature of exploration and development projects, the possibility of diminishing quantities or grades of mineralization, the inability to recover certain expenditures and the exposure to operational hazards typically encountered in the exploration, development and production of mineral properties

- risks that the mineral reserve and resource estimates may prove to be incorrect
- risk of decreases in commodity prices and commodity price risks could impact the Corporation and feasibility of its projects
- risks of decreases in exchange rates that could impact the Corporation and feasibility of its projects
- risk of failure to achieve estimates or material increases in costs could affect future cash flows, business results, results of operations and financial condition
- the ability of the Corporation to retain skilled and experienced personnel and contractors
- risks related to volatility in the market price of the Corporation's common shares ("**Common Shares**")
- failure or delays in obtaining or renewing, or a failure to obtain or renew, permits and licenses necessary for current or future operations, or failure to comply with the terms of such permits
- risks related to government regulation and government and community approvals, including the ability to obtain required government and community approvals, the impact of changing government regulations and shifting political attitudes, and the ability of Canadian regulatory authorities to impose fines or shut down operations in cases of non-compliance
- risks inherent in mining operations and underground development, including accidents, labour disputes, environmental hazards and unfavourable operating conditions
- uncertainty related to the performance of contractors
- uncertainty regarding the impact of certain amendments to the *Mining Act* (Ontario)
- risks associated with reclamation costs
- costs, delays and other risks associated with statutory and regulatory compliance
- reliance on a limited number of operations to drive the success of the Corporation
- the Corporation's history of negative operating cash flow and incurred losses
- potential dilution of Common Share voting power or earnings per share as a result of the exercise of convertible securities of the Corporation, future financings or future acquisitions financed by the issuance of equity
- the risk that the Corporation may not be able to make sufficient payments to retire its debt, which may make the Corporation insolvent

- the risk that the Corporation may not be able to replenish reserves at its PureGold Mine or make new discoveries or acquire other reserves, which could lead to the Corporation having a limited life
- risks relating to the ownership of more than 10% of the Common Shares by the Corporation's major shareholders
- the risks associated with non-compliance with the *Extractive Sector Transparency Measures Act* (Canada)
- the reliance by the Corporation on its information technology systems and the risk of cyber-attacks on such systems
- property and mineral title risk, including defective title to mineral claims or property and risks associated with unpatented mineral claims
- availability of adequate infrastructure
- limits of insurance coverage and uninsurable risk
- environmental risks and hazards
- competitive conditions in mineral exploration and mining businesses
- potential claims or opposition by First Nations and Metis groups
- potential acquisitions and their integration with the Corporation's current business
- the identification of the presence of endangered species on the PureGold Mine Project and risks related to the required management of this presence influence of third-party stakeholders
- risks related to sales of Common Shares by existing shareholders
- risks of litigation
- conflicts of interest
- the Corporation's designation as a "passive foreign investment corporation"
- dependence on key management personnel
- the adequacy of the Corporation's system of internal controls
- credit risk and the adverse effect of changes to interest rates and or liquidity risk
- risks of changes to interest rates
- changes to the Corporation's dividend policy

- increased regulation associated with climate change

Further detail relating to many of these factors are discussed in the section entitled "Risk Factors" in this AIF.

Forward-looking statements and forward-looking information contained herein are made as of the date of this AIF and the Corporation disclaims 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.

CAUTIONARY NOTE TO UNITED STATES INVESTORS CONCERNING ESTIMATES OF MEASURED, INDICATED AND INFERRED RESOURCES

Information in this AIF, including any information incorporated by reference, and disclosure documents of PureGold that are filed with Canadian securities regulatory authorities concerning mineral properties have been prepared in accordance with the requirements of securities laws in effect in Canada, which differ from the requirements of United States securities laws.

Without limiting the foregoing, these documents use the terms "measured resources", "indicated resources", "inferred resources" and "probable mineral reserves". Shareholders in the United States are advised that, while such terms are defined in and required by Canadian securities laws, the United States Securities and Exchange Commission (the "**SEC**") does not recognize them. Under United States standards, mineralization may not be classified as a reserve unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. United States investors are cautioned not to assume that all or any part of measured or indicated resources will ever be converted into reserves. Further, inferred resources have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. It cannot be assumed that all or any part of the inferred resources will ever be upgraded to a higher resource category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility, pre-feasibility or other technical reports or studies, except in rare cases. Therefore, United States investors are also cautioned not to assume that all or any part of the inferred resources exist, or that they can be mined legally or economically. Disclosure of contained ounces is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report resources as in place tonnage and grade without reference to unit measures. Accordingly, information concerning descriptions of mineralization and resources contained in these documents may not be comparable to information made public by United States companies subject to the reporting and disclosure requirements of the SEC.

Non-GAAP Measures and Other Financial Measures

Alternative performance measures in this document are furnished to provide additional information. These non-GAAP performance measures are included in this AIF because these statistics are key performance measures that management uses to monitor performance, to assess how the Corporation is performing, to plan and to assess the overall effectiveness and efficiency of mining operations. These performance measures do not have a standard meaning within International Financial Reporting Standards ("**IFRS**") and, therefore, amounts presented may not be comparable to similar data presented by other mining companies. These performance measures should not be considered in isolation as a substitute for measures of performance in accordance with IFRS.

PRELIMINARY NOTES

Throughout this Annual Information Form ("**AIF**"), unless the context otherwise requires, references to "we", "us", "our" or similar terms, as well as references to "PureGold" or the "Corporation", refer to Pure Gold Mining Inc. All information contained in this AIF is given as of March 30, 2022, unless otherwise stated.

Currency

All dollar amounts referenced, unless otherwise indicated, are expressed in Canadian dollars ("**C$**" or " **$**"), the same currency that the Corporation uses in its financial statements.

Measurements and frequently used abbreviations and acronyms

In this AIF, metric units are used with respect to the Corporation's various mineral properties and operations. Conversion rates from imperial measures to metric units and from metric units to imperial measures are provided in the table set out below:

Imperial Measure =	Metric Unit	Metric Unit =	Imperial Measure
2.471 acres	1 hectare ("ha")	0.4047 hectares	1 acre ("ac")
3.281 feet	1 metre ("m")	0.3048 metres	1 foot ("ft.")
0.621 miles	1 kilometre ("km")	1.609 kilometres	1 mile ("mi.")
2.20 pounds	1 kilogram ("kg")	0.454 kilograms	1 pound ("lb.")
0.032 troy ounces	1 gram ("g")	31.1 grams	1 troy ounce ("oz.")

Measurements and amounts in this AIF have been rounded to the nearest two decimal places.

Financial Statements and Management Discussion and Analysis

This AIF should be read in conjunction with the audited financial statements of PureGold for the year ended December 31, 2021 (the "**Audited Financial Statements**"), and the accompanying management's discussion and analysis ("**MD&A**") for that year. Unless otherwise indicated, financial information contained in this AIF is derived from the financial statements that are prepared in accordance with IFRS. The Audited Financial Statements and MD&A are available at www.puregoldmining.ca and on SEDAR at www.sedar.com.

Standard Resource and Reserve Reporting System

National Instrument 43-101 – "*Standards of Disclosure for Mineral Projects*", Companion Policy 43-101CP and Form 43-101F1 (collectively, "**NI 43-101**") are a set of rules developed by the Canadian Securities Administrators, which has established standards for all public disclosure an issuer makes of "scientific and technical information" concerning mineral projects ("**Technical Information**"). Unless otherwise indicated, all Technical Information, including resource estimates attributable to PureGold's property interests contained in this AIF, and including any information contained in certain documents referenced in this AIF, has been prepared in accordance with NI 43-101, and those standards of the Canadian Institute of Mining, Metallurgy and Petroleum Standing Committee on Reserve Definitions (the "**CIM Standards**").

The named individuals who supervised the preparation of the Technical Information contained in this AIF are qualified persons, as defined under NI 43-101 (each individually, a "**Qualified Person**"). Each of the authors of the Technical Report that forms the basis for the majority of the Technical Information reproduced in this AIF are Qualified Persons. For additional information on the Technical Report authors, see "*Mineral Properties – PureGold Mine Project, Red Lake, Canada*".

Material Property Interests

As at March 30, 2022, the Corporation holds an interest in one mineral property that is considered to be material within the meaning of applicable Canadian securities laws (the "**Material Property**"). The Material Property is referred to as the **PureGold Mine Project** and is owned 100% by the Corporation (subject to certain royalty interests held by third parties).

See discussion in this AIF, under heading "Mineral Properties" for ownership interest and summaries of, and Technical Information for, the Corporation's Material Property.

Technical Disclosure

Unless otherwise indicated, PureGold has prepared the Technical Information in this AIF based on information contained in the Technical Report and 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 herein and in the Disclosure Documents.

Each of the Corporation's Disclosure Documents containing Technical Information was prepared by or under the supervision of a Qualified Person. Readers are encouraged to review the full text of the Disclosure Documents which qualifies the Technical Information.

The mineral resource and mineral reserve estimates contained herein relating to the PureGold Mine Project are only estimates and no assurance can be given that any particular level of recovery of minerals will be realized or that an identified resource will ever qualify as a commercially mineable or viable deposit which can be legally and economically exploited. In addition, the grade of mineralization ultimately mined may differ from the one indicated by drilling results and the difference may be material. The resource estimates described herein should not be interpreted as assurances of mine life or of the profitability of future operations. Readers are advised that mineral resources that are not mineral reserves do not have demonstrated economic viability.

Phil Smerchanski, P.Geo. Vice President Exploration and Technical Services, and a Qualified Person, has reviewed and verified the accuracy of the Technical Information in this AIF.

CORPORATE STRUCTURE OF THE CORPORATION

Name, Incorporation and Registered Office

PureGold was incorporated on November 14, 2005 pursuant to the provisions of the *Business Corporations Act* (British Columbia) under the name "Capo Resources Ltd."

Effective May 15, 2008, the Corporation acquired 0785531 B.C. Ltd. through a reverse takeover, which completed its Qualifying Transaction requirement under TSX Venture Exchange ("**TSX-V**") Policy 2.4. As a result, the Corporation issued to 0785531 B.C. Ltd.'s shareholders 11,341,067 of the Corporation's Common Shares. The acquisition was accounted for according to the accounting guidelines for reverse takeover transactions that do not constitute a business combination, with 0785531 B.C. Ltd. being the deemed accounting acquirer for financial statement purposes.

The Qualifying Transaction described above involved the amalgamation of a wholly owned subsidiary of the Corporation with 0785531 B.C. Ltd. These two entities were amalgamated as one company under the name Laurentian Exploration Ltd. The amalgamation was completed in accordance with the terms of a statutory Plan of Arrangement under the *Business Corporations Act* (British Columbia). The amalgamated entity was a wholly owned subsidiary of the Corporation at that time.

On January 22, 2009, the Corporation completed an amalgamation with its wholly owned subsidiary, Laurentian Exploration Ltd. These two entities were amalgamated as one company under the name Laurentian Goldfields Ltd. The amalgamation was completed in accordance with the terms of a statutory Plan of Arrangement under the *Business Corporations Act* (British Columbia).

On June 24, 2014, the Corporation filed articles of amendment to change its name to PureGold Mining Inc.

The registered and records office of the Corporation is c/o McMillan LLP, Suite 1500, PO Box 1117 Vancouver, British Columbia Canada V6E 4N7 and the head office and principal place of business of the Corporation is located at 1900 – 1055 West Hastings Street, Vancouver, British Columbia V6E 2E9.

The Corporation also has an office in Red Lake, Ontario, Canada, for the PureGold Mine Project.

Intercorporate Relationships

The Corporation has no intercorporate relationships. The Corporation had a wholly owned subsidiary called Laurentian Copper Corp. up to August 2019, when it was dissolved.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

On February 5, 2019, PureGold announced an updated mineral resource estimate for the PureGold Mine Project that was used as the basis of the feasibility study ("**FS**" or "**Feasibility Study**") (outlined below). This mineral resource estimate included updated and expanded mineral resource estimates for all previously reported deposits, including Madsen, Russet South and Fork, and included first time disclosure of mineral resources at the Corporation's Wedge deposit. The updated mineral resource estimates are dated February 5, 2019. Significant highlights included:

- Indicated mineral resources increased by 319,000 ozs to a total of 2,063,000 ozs (7,196,000 tonnes at an average grade of 8.9 g/t gold) at a 4.0 g/t gold cut-off;

- Additionally, inferred mineral resources increased by 171,000 ozs to a total of 467,000 ozs (1,880,000 tonnes at an average grade of 7.7 g/t gold) at a 4.0 g/t cut-off;

- Satellite indicated resources (Russet South, Fork and Wedge) grew by 114% to 206,000 ozs (767,000 tonnes at an average grade of 8.4 g/t gold) and inferred resources grew by 91% to 226,000 ozs (991,000 tonnes at 7.1 g/t gold) at a 4.0 g/t gold cut-off; and

- Satellite resources include first time disclosure of indicated mineral resources at the Wedge deposit of 107,000 ozs (322,000 tonnes at an average grade of 10.3 g/t gold) and inferred mineral resources of 79,000 ozs (307,000 tonnes at an average grade of 8.0 g/t gold) at a 4.0 g/t cut-off.

On February 11, 2019, PureGold issued the results of an independent FS on the PureGold Mine Project. The FS outlined a 12-year high grade, 800 tonne per day underground mining operation with low initial capital cost and strong financial performance.

The FS supports a high-grade 800 tonne per day underground mining operation with engineered stopes containing 1.0 million ozs of probable mineral reserves. Mining to be conducted from new development utilizing a combination of cut and fill and longhole methods. A new hoist house and double drum production hoist to use the existing shaft infrastructure to hoist ore and waste from the mine, commencing in year four of operations.

The FS PureGold Mine implementation schedule is over a period of 13 months, with underground mine development to commence approximately 9 months before first gold pour. Per the FS, the PureGold Mine Project required initial capital of $95 million (including contingency) to support the construction of an underground mine and associated infrastructure, including the expansion of existing milling capacity to 800 tonnes per day ("**tpd**"). The mine is expected to produce peak annual production of 125,000 ozs with LOM AISC[1] of US$787/oz gold, which is below industry average.

For additional information on the mineral resource estimate dated February 5, 2019 and the FS dated February 11, 2019, please refer to the Technical Report, which is available on SEDAR at www.sedar.com and which is described herein under the heading "Mineral Properties – PureGold Mine Project, Red Lake, Canada".

On March 29, 2019, the Corporation issued a total of 7,723,975 Common Shares on a flow through basis (the "**2019 FT Shares**"), at a price of C$0.67 per 2019 FT Share, for gross proceeds of C$5,175,063 (the "**March 2019 Offering**").

The March 2019 Offering was completed through a syndicate of underwriters led by Sprott Capital Partners LP and included Velocity Trade Capital Ltd. and Macquarie Capital Markets Canada Ltd. (collectively, the "**2019 FT Share Underwriters**"). In consideration for their services, the 2019 FT Share Underwriters received an aggregate cash commission equal to 6.0% of the gross proceeds of the offering of the 2019 FT Shares.

The gross proceeds from the issuance of the 2019 FT Shares were used for "Canadian exploration expenses" and qualified as "flow-through mining expenditures", as those terms are defined in the *Income Tax Act* (Canada), which were renounced to the initial purchasers of the 2019 FT Shares with an effective date of December 31, 2019.

On May 20, 2019, PureGold announced that its Common Shares were admitted to the standard listing segment of the London Stock Exchange Main Market (the "**LSE**") under the ticker symbol PUR.

On July 18, 2019, PureGold announced that it closed a bought deal private placement (the "**July 2019 Offering**") and concurrent non-brokered private placement (the "**July 2019 Non-Brokered Private Placement**" and together with the July 2019 Offering, the "**July 2019 Transactions**").

Pursuant to the July 2019 Offering, the Corporation issued a total of 62,714,000 units of the Corporation (the "**July 2019 Units**"), at a price of C$0.55 per July 2019 Unit, for aggregate gross proceeds of C$34,492,700.

Each July 2019 Unit consisted of one Common Share and one-half of one common share purchase warrant (each whole common share purchase warrant, a "**July 2019 Warrant**"). Each July 2019 Warrant is transferrable and entitles the holder to acquire one Common Share until July 18, 2022, at a price of C$0.85 per share.

The July 2019 Offering was completed through a syndicate of underwriters led by Sprott Capital Partners LP and which included Velocity Trade Capital Ltd. (together, the "**July 2019 Underwriters**"). Peel Hunt LLP and Tamesis Partners LLP acted as part of a special selling group in connection with the United Kingdom portion of the July 2019 Offering. In consideration for their services, the July 2019 Underwriters received an aggregate cash commission equal to 6.0% of the gross proceeds of the July 2019 Offering.

Pursuant to the July 2019 Non-Brokered Private Placement, the Corporation issued a total of 23,700,000 July 2019 Units, at a price of C$0.55 per July 2019 Unit, for aggregate gross proceeds of $13,035,000. AngloGold Ashanti Limited ("**AngloGold**") purchased 11,850,000 July 2019 Units issued pursuant to the July 2019 Non-Brokered Private Placement, bringing at that time, AngloGold's ownership percentage in the Corporation to 14.1% of the issued and outstanding Common Shares on a non-diluted basis upon completion of the July 2019 Transactions. A subscription fee of 6.0% was paid on one-half of the gross proceeds of the July 2019 Non-Brokered Private Placement.

The net proceeds received from the July 2019 Transactions are being used for the Corporation's development activities and for general corporate purposes.

On July 29, 2019, PureGold announced the signing and implementation of a Project Agreement (the "**FN Agreement**") with the Wabauskang First Nation and Lac Seul First Nation, (together, the "**PureGold First Nations**") with respect to the PureGold Mine. This FN Agreement establishes a long-term, mutually beneficial partnership between PureGold and the PureGold First Nations.

Under the terms of the FN Agreement, PureGold acknowledges and respects the rights, history and interests that both the Wabauskang First Nation and the Lac Seul First Nation have in the region surrounding the PureGold Mine. In turn both PureGold First Nations acknowledge and support PureGold's rights and interests in the development and future operation of the PureGold Mine. The FN Agreement provides for communication, cooperation, and collaboration between the PureGold 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 PureGold First Nations.

- Highlights of the FN Agreement include:

- Confirms the PureGold 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;

- Provides for the issuance of 500,000 Common Shares to each PureGold First Nation, which have been issued; and,

- Establishes future financial contributions by PureGold commensurate with production at the PureGold Mine.

On August 7, 2019, the Corporation announced the closing of a project finance package (the "**Project Financing**") with Sprott Resource Lending Corp. ("**Sprott**"). The Project Financing is expected to fully fund the costs to develop an underground gold mining and processing facility at the PureGold Mine. With the PureGold Mine construction now fully funded, the Corporation also announced that its board of directors (the "**Board**") had approved a "decision to construct" for the PureGold Mine.

A summary of the key terms of the Project Financing which consists of a debt facility (the "**Facility**"), a gold stream (the "**Callable Gold Stream**") and production payment agreement (the "**PPA**"), are as follows:

The Facility

- Term of 7 years;

- US$65 million in principal structured in multiple tranches:

    - US$10 million advanced on closing, before an original issue discount of 41.82422%, which is considered additional interest paid in advance; and

    - Subsequent tranches available to the Corporation on satisfaction of customary conditions.

- Interest rate of 3-month LIBOR plus 5.50% to 6.75% per annum;

- 100% of interest costs capitalized to principal until March 2021;

- Principal payments are sculpted to cash flow and payable in quarterly instalments from September 2022;

- 65% of the total amount advanced will be repaid prior to the maturity date;

- 2.0% arrangement fee payable pro-rata on drawdown of each tranche;

- On the completion date[1], a fee of 2.25% of the principal outstanding will be payable in cash or Common Shares at Sprott's option;

- Penalty-free repayment of outstanding principal and interest after August 2022; and

- No hedging, cash sweeps, cash collateralization, or offtake agreement

Callable Gold Stream

- US$25 million as prepayment for 5.0% of the gold produced until 50,000 ounces of gold has been delivered;

    - Reduces to 2.5% of gold production thereafter; and

    - Fully advanced on closing;

- Ongoing payments of 30% of the spot gold price;

- Full buyback option, where PureGold may elect to terminate the entire Callable Gold Stream on June 30, 2022 by paying US$38 million.

PPA

- US$4.0 million as an advance that is to be repaid via monthly production payments, equal to US$10 multiplied by the number of ounces of gold which the Corporation receives payment on the sale from August 6, 2019 until 500,000 ounces of gold has been produced (the "**Participation Amount**").

- Full buyback option at any time upon payment of a termination fee equal to the outstanding Participation Amount multiplied by US$10.

PureGold has issued to Sprott 3,841,000 Common Shares in payment of additional interest due on the initial US$10 million advance.

On September 9, 2019 PureGold announced it had awarded the surface Engineering and Procurement ("**E/P**") contract to JDS Energy & Mining ("**JDS**") in partnership with Hatch Ltd. ("**Hatch**") and Knight Piesold Ltd. ("**Knight Piesold**") for the PureGold Mine. Additionally, the Corporation awarded the underground mine design engineering contract to Dumas Mine Contracting Ltd. ("**Dumas**").

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[1]Completion test was deferred from December 31, 2021 to June 30, 2022, see January 4, 2022 news release..

With the engagement of our engineering partners, the Corporation commenced construction. Detailed design work on surface infrastructure, as well as underground electrical distribution, mine ventilation, mine service design and stope optimization was initiated, as well as equipment sourcing and the procurement of long lead time items.

From August 7 through December 2019, the Corporation through its engineering partners completed a phase of basic detailed engineering, which formed the basis for a revised construction schedule and budget.

In November 2019, the Corporation began hiring underground development crews and in December 2019, the Corporation began deepening the existing ramp with a total of 70.4 metres of ramp development completed by December 31, 2019. Development and construction activities continued throughout 2020.

On February 18, 2020, the Corporation announced that Ms. Maryse Bélanger, ICD.D has been appointed to the Board, effective February 14, 2020.

On June 17, 2020, the Corporation announced that it closed a non-brokered private placement of 9,868,421 Common Shares of the Corporation on a charity basis, that qualified as "flow-through shares" for the purposes of the *Income Tax Act* (Canada) (the "**2020 FT Shares**") at a price of $1.52 per 2020 FT Share, for gross proceeds to PureGold of $15,000,000. Mr. Eric Sprott, through 2176423 Ontario Ltd., announced that he was the back-end buyer of the 2020 FT Shares from the charity.

The gross proceeds from the issuance of the 2020 FT Shares will be used for "Canadian exploration expenses" and will qualify as "flow-through mining expenditures, as those terms are defined in the *Income Tax Act (Canada)*, which will be renounced to the initial purchasers of the 2020 FT Shares with an effective date no later than December 31, 2022 in an aggregate amount not less than the gross proceeds raised from the issue of the 2020 FT Shares.

On December 16, 2020, the Corporation announced a major milestone with first ore introduced to the mill at the PureGold Mine and announced it had received all permits necessary to begin production at the PureGold Mine.

On December 30, 2020, the Corporation announced the first gold pour from the PureGold Mine, which totalled 148 ozs from the gravity circuit.

On January 5, 2021, the Corporation announced that Mr. Chris Haubrich was appointed as Vice President, Business Development.

On March 31, 2021, the Corporation entered into a binding letter agreement (the "**Amendment**") with its principal lending partner, Sprott. Pursuant to the terms of the Amendment, the original Facility was amended to provide for an increase to the aggregate principal amount of debt by up to US$20 million, with US$12.5 million to be available to the Corporation upon closing. An additional amount of up to US$7.5 million was available until June 30, 2021 upon satisfaction of certain conditions. The Amendment provided for the deferral of cash interest payments until June 30, 2021. All other key terms and conditions of the Amendment are substantially the same as for the Facility. Reference should be made to the full text of the Amendment and the Facility.

On April 14, 2021, the Corporation and Sprott closed the Amendment, with the Corporation drawing down an additional US$12.5 million and the parties entering into an amended and restated credit agreement governing the Facility. The remaining US$7.5 million was drawn down on June 18, 2021, upon satisfaction of certain conditions.

On May 5, 2021, the Corporation announced that it closed a bought deal private placement of 11,348,700 Common Shares of the Corporation, that qualified as "flow-through shares" for the purposes of the *Income Tax Act* (Canada) (the "**2021 FT Shares**") at a price of $1.52 per 2021 FT Share, for gross proceeds to PureGold of $17,250,024 (the "**May 2021 Offering**"). The May 2021 Offering was completed pursuant to an underwriting agreement dated April 14, 2021, entered into among the Corporation and a syndicate of underwriters led by Clarus Securities Inc., and including Canaccord Genuity Corp., Sprott Capital Partners L.P., Stifel Nicolaus Canada Inc., Haywood Securities Inc. and PI Financial Corp.

The gross proceeds from the issuance of the 2021 FT Shares will be used for "Canadian development expenses" ("**CDE**") on the PureGold Mine Project as permitted under the *Income Tax Act* (Canada) to qualify as CDE, which will be renounced to the initial purchasers of the 2021 FT Shares with an effective date no later than December 31, 2021 in an aggregate amount not less than the gross proceeds raised from the issue of the 2021 FT Shares.

On August 3, 2021, the Corporation announced that commercial production was achieved at the PureGold Mine, effective August 1, 2021. Following a successful commissioning period, the PureGold Mine, milling facilities, and other critical systems were operating in line with or rapidly approaching design capacity of 800 tonnes of ore per day on a sustainable basis.

On September 7, 2021, the Corporation announced that it had completed mill upgrades, increasing the processing capacity of the operation by at least 25% compared to the original design capacity of 800 tonnes of ore per day.

On September 28, 2021, the Corporation announced that it closed a bought deal offering of 21,905,200 units of the Corporation (the "**September 2021 Units**") at a price of $1.05 per September 2021 Unit for gross proceeds to the Corporation of $23,000,460, which includes the full exercise of the underwriters' over-allotment option for an additional 2,857,200 September 2021 Units (the "**September 2021 Offering**"). Each September 2021 Unit consisted of one Common Share and one-half Common Share purchase warrant. Each warrant entitles the holder thereof to purchase one Common Share at a price of $1.36 until March 28, 2023.

The September 2021 Offering was completed pursuant to an underwriting agreement dated September 14, 2021, entered into among the Corporation and a syndicate of underwriters led by National Bank Financial Inc., and including Clarus Securities Inc., Desjardins Securities Inc., Stifel Nicolaus Canada Inc., Haywood Securities Inc., PI Financial Corp. and Sprott Capital Partners LP.

The Corporation intends to use the net proceeds raised from the September 2021 Offering to fund the continued ramp up of operations at its PureGold Mine Project, underground drilling, and development of the high-grade 8 zone, and for general corporate purposes.

On October 15, 2021, the Corporation announced that it had closed a non-brokered private placement whereby the Corporation issued a total of 3,307,619 units of the Corporation (the "**October 2021 Units**") to AngloGold at a price of $1.05 per October 2021 Unit, for aggregate gross proceeds of approximately $3,473,000 (the "**October 2021 Offering**"). The October 2021 Offering brought AngloGold's ownership percentage in the Corporation to 14.96% of the issued and outstanding Common Shares on a non-diluted basis upon completion of the offering. Each

October 2021 Unit consists of one Common Share of the Corporation and one-half Common Share purchase warrant. Each warrant is transferrable and entitles the holder to acquire one Common Share until April 15, 2023, at a price of $1.36.

The net proceeds received from the October 2021 Offering will be used to fund the continued ramp up of operations at the PureGold Mine, underground drilling, and development of the high-grade 8 zone, and for general corporate purposes.

On October 27, 2021, the Corporation announced that Maryse Belanger, a Director of the Corporation, has stepped into the role of Mine General Manager at the PureGold Mine. Ms. Belanger will oversee all aspects of the day-to-day operations of the PureGold Mine.

On January 4, 2022, the Corporation announced that Mr. Troy Fierro, a Director of the Corporation, replaced Darin Labrenz as President and CEO. The Corporation also announced that Mr. Chris Haubrich, Vice President Business Development, replaced Sean Tetzlaff as CFO, and that Ms. Ashley Kates, Corporate Controller, was promoted to Vice President Finance & Corporate Secretary. All changes were effective January 1, 2022.

On January 4, 2022, the Corporation announced that it and Sprott agreed to amend the Amendment dated April 14, 2021. Amended terms include a temporary reduction of the minimum cash balance, a temporary reduction of the minimum working capital position, and deferral of the completion test from December 31, 2021 to June 30, 2022.

On February 15, 2022, the Corporation announced the closing of a bought deal private placement (the "**2022 Brokered Offering**") and concurrent non-brokered private placement (the "**2022 AngloGold Subscription**").

Pursuant to the 2022 Brokered Offering, the Corporation issued a total of 26,423,000 Common Shares at a price of $0.53 per Common Share, for aggregate gross proceeds of $14,004,190. The 2022 Brokered Offering was completed through a syndicate of underwriters including National Bank Financial Inc., as lead underwriter, Clarus Securities Inc., Laurentian Bank Securities Inc., PI Financial Corp. and Stifel Nicolaus Canada Inc. In consideration for their services, the underwriters received an aggregate cash commission equal to 5.0% of the gross proceeds of the 2022 Brokered Offering (other than from the issue and sale of the Common Shares to certain purchasers on a president's list, for which no cash commission was paid)

Pursuant to the 2022 AngloGold Subscription, the Corporation issued a total of 32,525,000 Common Shares to AngloGold at a price of $0.53 per Common Share, for aggregate gross proceeds of $17,238,250. The 2022 AngloGold Subscription brought AngloGold's ownership percentage in the Corporation to 19.6% on a non-diluted basis and 19.9% on a partially diluted basis upon completion of the financings. In connection with the 2022 AngloGold Subscription, the Corporation and AngloGold entered into a shareholder rights agreement providing AngloGold with certain rights, including standard anti-dilution and equity participation rights as well as certain rights to the Corporation's technical and scientific data.

On February 17, 2022, the Corporation announced that 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 also promoted to Vice President Exploration & Technical Services. Maryse Belanger remained on the Board.

Expected Changes to the Business

As of the date of this AIF, management of the Corporation does not expect any material changes to the business other than already disclosed by PureGold; however, as is typical of the mineral exploration and development industry, from time-to-time PureGold reviews potential merger, acquisition, investment and joint venture transactions and opportunities that could enhance shareholder value.

Furthermore, there can be no assurance that the results of exploration or development programs planned or underway will not result in material changes to the scientific and technical or financial and general business information contained herein. Accordingly, readers of this AIF are urged to read the press releases issued by PureGold once they become available on SEDAR, for full and up-to-date information concerning the Corporation's business and its material exploration property interests.

Significant Acquisitions

PureGold did not make any significant acquisitions during the financial year ended December 31, 2021 that would require the Corporation to file a Form 51-102F4 *Business Acquisition Report* under Part 8 of NI 51-102.

DESCRIPTION OF THE BUSINESS

PureGold is principally engaged in the acquisition, exploration, development and operation of precious metal properties, or interests in companies controlling mineral properties, which feature high metal grades, meaningful size and access to existing infrastructure, in Canada.

The Corporation's primary asset is its wholly-owned underground PureGold Mine Project located in Red Lake, Ontario, Canada, which is centered around two significant past production mines. The PureGold Mine Project is the Corporation's only Material Property.

Overview

PureGold is a gold mining, development, exploration and operating company, focused in the Red Lake Gold District and listed on the TSX-V and LSE. The Corporation's principal business is the acquisition, development, exploration and operation of mineral properties.

The Corporation has operated the PureGold Mine Project located in Red Lake Gold District of Ontario, Canada, for approximately eight years. The PureGold Mine Project comprises the PureGold Mine deposit and three satellite deposits called Wedge, Fork and Russet South and numerous other exploration targets, included within over 4,700 hectares of prospective exploration ground. PureGold announced a positive FS for the PureGold Mine Project on February 11, 2019 and the start of construction on September 9, 2019. On December 16, 2020, PureGold began introducing ore to the substantially completed mill and poured its first gold doré bar at the end of December 2020, as forecasted. On August 1, 2021, the Corporation achieved commercial production at the PureGold Mine.

Further information about PureGold can be found in the Corporation's regulatory filings available on SEDAR at www.sedar.com and on the Corporation's website at www.puregoldmining.ca.

The Red Lake, Ontario, Gold Mining District

The Red Lake area in Northwestern Ontario is one of the most prolific gold regions in Canada. The area hosts several gold mines, where the combined historical production and remaining proven reserves total more than 30 million ozs of gold. Initial gold production occurred at the Howey Mine in 1930, and today, several integrated operations are operated by Evolution Mining ("**Evolution**"). The region continues to be actively explored.

As a result of the proven potential of this gold mining camp and the continued excitement being generated by Evolution's Red Lake operations, the Red Lake greenstone belt has attracted many firms, from senior producers to junior exploration companies, to stake claim and explore the district. Active companies in Red Lake include Evolution, Kinross, Barrick and Equinox Gold. Several junior exploration companies are also actively exploring the camp.

The Red Lake Gold District is situated in the Red Lake greenstone belt, an Archean package of metavolcanic and metasedimentary rocks. Most of the gold production in this district has come from structurally controlled vein-type gold deposits hosted in sequences of mafic to felsic volcanics and minor sediments adjacent to ultramafic volcanics and intrusions. Regionally, the belt exhibits a system of five northeast and northwest-trending deformation zones with associated hydrothermal alteration. All of the major gold deposits in the district are located close to a regional mafic volcanic-sediment contact or 'break' - which is believed to be an important control on gold mineralization.

Competitive Conditions

The Corporation's business is intensely competitive, and the Corporation competes with other exploration, development and mining companies, many of which have greater resources and experience. As described in this AIF, under "*Risk Factors*", competition in the precious metals mining industry is primarily for mineral rich properties which can be developed and produced economically and the capital for the purpose of financing development of desired properties.

In addition, this competition may impact the Corporation's ability to recruit or retain qualified employees with the technical expertise to find, develop, or operate such properties.

Specialized Skills and Knowledge

PureGold believes that its success is dependent on the performance of its management and key employees, many of whom have specialized knowledge and skills relating to the precious metals exploration business. PureGold believes it has adequate personnel with the specialized skills required to successfully carry out its operations. As at March 30, 2022, the Corporation had 350 employees.

The Corporation has also retained Oxygen Capital Corp. ("**Oxygen**"), a private entity partially owned by a director of the Corporation to provide services to the Corporation including staffing, office rental, and other administrative functions. Oxygen provides its services and personnel on a cost recovery basis. The Corporation benefits from expanded access to management, technical and administrative personnel as a result of the Oxygen relationship. Through the year ended December 31, 2021, a total of up to six people from Oxygen provide services to the Corporation. Neither Oxygen, nor its owners, are remunerated for services provided under this arrangement.

Health, Safety and Environment

The Corporation places great emphasis on providing a safe and secure working environment for all of PureGold's employees and contractors and recognizes the importance of operating in a sustainable manner.

The Corporation had one lost-time accident during the fiscal year ended December 31, 2021, and no lost-time accidents during the fiscal year ended December 31, 2020.

The Corporation believes awareness and communication of risks are critical steps in preventing accidents on each of the property interests operated by the Corporation.

There were no significant environmental incidents at the PureGold Mine Project through the fiscal years ended December 31, 2021 and December 31, 2020.

PureGold is subject to federal and provincial environmental laws and regulations. Management of the Corporation have put in place ongoing monitoring programs at the Corporation's properties, and posts surety bonds and bank guaranteed lines of credit, as required, in compliance with provincial closure, reclamation and environmental obligations. The estimate for future reclamation and property closure costs for the PureGold Mine Project at December 31, 2021 was $21.3 million. The reclamation obligation relates to closing out the PureGold Mine once production has been exhausted from the deposit. PureGold submitted a detailed Closure Plan which was accepted as filed by the Ministry of Northern Development and Mines in December 2020.

PureGold's projects are subject to periodic monitoring by government agencies with respect to environmental protection plans and practices, which in many circumstances must be detailed when applying for exploration and development permits.

Corporate Social Responsibility

PureGold understands that having a strong social presence will be imperative to the success of the PureGold Mine Project.

Ensuring that the local communities have an understanding of and appreciation for, the potential impacts of exploration, development and mining activity in the region will be a focus going forward. Fortunately, the Red Lake area has a tremendous mining history where the local communities have a strong understanding of the benefits and risks that a mining project can bring to an area. As the PureGold Mine Project advances and exploration and development plans are confirmed, management plans to continue to engage with community members, to solicit and respond to feedback and concerns raised from concerned citizens. PureGold has also hosted several community meetings and property tours for members of the community and local governments. On a regular basis, the Corporation will:

- Provide information and regular updates to community groups, First Nations, and the general public regarding exploration and development activities for the PureGold Mine Project;
- Undertake exploration and development in a safe manner, and assess safety, health, environmental and social risks associated with each phase of the PureGold Mine Project; and

- Support transparent and fair employment strategies at the local level, and where possible, employ a local workforce at all skill levels.

RISK FACTORS

An investment in securities of the Corporation involves a significant degree of risk and must be considered highly speculative due to the nature of the Corporation's business and the present stage of exploration and development of its mineral property interests. There are widespread risks associated with any form of business and specific risks associated with PureGold's business and its involvement in the mining industry. There are a number of risks, including those listed below, that may have a material and adverse impact on the future operating results and financial performance of PureGold and could cause actual events to differ materially from those described in forward-looking statements related to the Corporation.

Mining is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failed production and exploration efforts but also from finding mineral deposits, which, though present, are insufficient in quantity or quality to return a profit from production. **Shareholders of PureGold may lose their entire investment**.

In addition to the other information set forth elsewhere in this AIF, the following risk factors should be carefully reviewed by prospective investors and current shareholders. These risks may not be the only risks faced by PureGold. Risks and uncertainties not presently known by PureGold or which are presently considered immaterial may also adversely affect PureGold's business, properties, results of operations and/or condition (financial or otherwise). **If any of the following risks actually occur, PureGold's business, financial condition, operating results and prospects could be adversely affected.**

All references to "PureGold" or the "Corporation" in this section entitled "*Risk Factors*" include PureGold and any subsidiaries, joint ventures and strategic alliances, except where the context otherwise requires. Before making an investment decision, prospective investors should carefully consider the risks and uncertainties described herein, as well as the other information contained in the Corporation's public filings and should seek independent financial advice.

Liquidity Risk and Going Concern Assumption

At the time the date hereof, the Company's cash balance is approximately $6 million. The Company expects it will need to seek additional financing in the next 30 days to fund operations and to service its debt. If such additional financing is not received in the short term, PureGold will not be able to meet its obligations as they become due and result in a default under its debt obligations. In such circumstances, the Company could be required to take certain measures, including putting its mine on care and maintenance.

The Company's financial condition is uncertain. Investors are cautioned that the Company's ability to continue as a going concern is contingent on the Company being able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. 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. The Company continues to pursue a number of options to improve its financial capacity. There can be no assurance that those efforts would 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.

Mine closure and rehabilitation risks

The Corporation may consider putting operations on temporary care and maintenance whereby the Corporation would cease production but keep the PureGold Mine in a condition to possibly reopen it at a later date, if decided as such. Temporary or permanent mine closure could occur due to negative cash flow from operating activities, different unfavourable market conditions, decline in revenue, or unplanned catastrophic events, such as pit slope failure, tailings breach, etc. Ultimately, closure will eventually occur at all mines due to depletion of the resource.

Closure plans and site rehabilitation plans may be incomplete, inaccurately estimated, and/or not fully documented, with potential significant impact on the closure costs.

Failure to Achieve Estimates or Material Increases in Costs Could have an Adverse Impact on the Corporation's Future Cash Flows, Business, Results of Operations and Financial Condition

We prepare budgets and estimates of cash costs and capital costs for our operations and our main costs relate to material costs, workforce and contractor costs, energy costs and closure and reclamation costs. As a result of the substantial expenditures involved in the development of mineral projects and the fluctuation of costs over time, development projects may be prone to material cost overruns. Our actual costs may vary from estimates for a variety of reasons, including short-term operating factors; revisions to development plans; risks and hazards associated with mining; natural phenomena, such as inclement weather conditions, water availability and unexpected labour issues, labour shortages, strikes or community blockades and quality of existing infrastructure being less than expected from the FS. Many of these factors are beyond our control.

In 2021, the milling facilities at the PureGold Mine demonstrated capability of operating consistently and reliably at and above the design capacity of 800 tpd on multiple occasions. The regulatory process to increase the permitted mill capacity to 1,000 tpd is well advanced. Despite strong mill performance, gold production at the PureGold Mine in 2021 fell short of design capacity due to challenges in maintaining access to enough high-grade confidence, high-grade stopes to provide high-grade ore to the mill. A persistent shortage of high-grade ore from undergound resulted in less than full utilization of the mill and at various times led to blending of low-grade development material and stockpiles which also reduced the overall feed grade to the mill. This has dramatically affected the Corporation's positive cash flows and cash resources.. These shortages were caused by a combination of factors including development delays, insufficient scheduling flexibility, insufficient geologic information available for stopes prior to mining, equipment downtime, and strategic misalignments.

Significant changes to mine planning and scheduling were implemented during the fourth quarter of 2021 to establish and maintain access to enough high-confidence, high-grade stopes to feed the mill, with early signs of positive progress evident in December's operating results. These changes include reorganization of information and workflow structures, resulting in enhanced accountability and reduced assay turnaround times. Faster sill developments have also been identified as a way to expedite access to higher grade stopes 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. Definition drilling activity was expanded in Q4 2021, the positive impacts of which are beginning to influence short-term mine plans for 2022 and are expected to positively impact production beginning in the second quarter of 2022. The Corporations new operational leadership team have implemented several improvements to the definition drilling program which are designed to improve efficiency and reduce drilling costs. The Corporation expects definition drilling to progress to accelerate in the coming months and to have inventory of several months of high confidence stopes developed by the second half of 2022. Additionally, a geologic confidence-based model was implemented to standardize decision making and improve mine scheduling and planning.

Finally, improving the maintenance strategy for the mobile equipment fleet represents a significant opportunity to increase ore production rates and reduce costs for the PureGold Mine. Over the past several months, poor availability has contributed to various times to reduced ore production rates. PureGold's operational leadership team have identified several underlying reasons including insufficient parts inventory, supply chain issues, and a lack of maintenance space for service. The Corporation has partnered with its principal mobile equipment fleet supplier to rapidly assess and repair the fleet, bringing the equipment up to a good operating standard, and to assess for a reduction in the overall fleet needed to support current operations. This assessment and repair phase will begin immediately and is expected to conclude in the third quarter of 2022. Going forward, the Corporation expects this initiative will significantly reduce maintenance, sustaining capital, and operating costs while also increasing mechanical availability and production.

History of Net Losses and Negative Operating Cash Flow

Although the Corporation is generating operating revenue from the operation of the PureGold Mine, the Corporation has negative cash flow from operating activities. Therefore, it is subject to many risks common to comparable companies, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources as well as a lack of revenues.

The Corporation continues to ramp up production of gold from the PureGold Mine and has significant cash requirements to meet its exploration and development commitments, administrative overhead and maintain its mineral interests. The Corporation expects to continue to incur losses until the PureGold Mine generates sufficient revenue to fund continuing operations. Gold production has not met expectations during 2021 and the Corporation is actively seeking additional capital to allow it to continue through to ramp up completion. There can be no assurance that production problems will not continue and that may mean mining operations are not profitable and additional funds need to be raised.

Indebtedness

The Corporation may not be able to generate sufficient cash to service all of its current and future indebtedness, including the US$85 million Facility, all of which is drawn, and may be forced to take other actions to satisfy its obligations under such indebtedness, which may not be successful. The Corporation's ability to make scheduled payments on or refinance its debt obligations depends on its financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond its control. The Corporation may be unable to maintain a level of cash flows from operating activities sufficient to permit it to pay the principal, premium (if any) and interest on the Corporation's indebtedness. If the Corporation's cash flows and capital resources are insufficient to fund its debt service obligations, it could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance its indebtedness. The Corporation may not be able to affect any such alternative measures on commercially reasonable terms or at all and, even if successful, those alternatives may not allow the Corporation to meet its scheduled debt service obligations. The Facility will restrict its ability to dispose of assets and use the proceeds from those dispositions and may also restrict its ability to raise debt to be used to repay other indebtedness when it becomes due. The Corporation may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due. Furthermore, the Corporation's failure to comply with covenants of the Facility could result in an event of default which, if not cured or waived, could result in the acceleration of all its debt.

Reserve and Resource Estimates May Prove to be Incorrect

Disclosed reserve and mine life estimates for the PureGold Mine Project should not be interpreted as assurances of mine life or of the profitability of current or future operations. We estimate and report our mineral reserves and resources in accordance with the requirements of the applicable Canadian securities regulatory authorities and industry practice.

The SEC does not permit mining companies in their filings with the SEC to disclose estimates other than mineral reserves. However, because we prepared this disclosure document in accordance with Canadian disclosure requirements, this disclosure document also incorporates estimates of mineral resources. Mineral resources are concentrations or occurrences of minerals that are judged to have reasonable prospects for economic extraction, but for which the economics of extraction cannot be assessed, whether because of insufficiency of geological information or lack of feasibility analysis, or for which economic extraction cannot be justified at the time of reporting. Consequently, mineral resources are of a higher risk and are less likely to be accurately estimated or recovered than mineral reserves.

Our mineral reserves and resources are estimated by persons who are "independent" for purposes of applicable securities legislation.

The mineral reserve and resource figures included or incorporated in this disclosure document by reference are estimates based on the interpretation of limited sampling and subjective judgments regarding the grade, continuity and existence of mineralization, as well as the application of economic assumptions, including assumptions as to operating costs, production costs, mining and processing recoveries, cut-off grades, long-term commodity prices and, in some cases, exchange rates, inflation rates and capital costs. As a result, changes in estimates or inaccuracy of estimates may affect our reserves and resources.

The sampling, interpretations or assumptions underlying any reserve or resource estimate may be incorrect, and the impact on reserves or resources may be material. Should the mineralization and/or configuration of a deposit ultimately turn out to be significantly different from that currently envisaged, or should regulatory standards or enforcement change, then the proposed mining plan may have to be altered in a way that could affect the tonnage and grade of the reserves mined and rates of production and, consequently, could adversely affect the profitability of the mining operations. In addition, short term operating factors relating to the reserves, such as the need for orderly development of ore bodies or the processing of new or different ores, may cause reserve and resource estimates to be modified or operations to be unprofitable in any particular fiscal period.

There can be no assurance that our projects or operations will be, or will continue to be, economically viable, that the indicated amount of minerals will be recovered or that they will be recovered at the prices assumed for purposes of estimating reserves.

The Corporation is still engaged in exploration on its Material Property in order to determine if any additional economic deposits exist thereon. The Corporation may expend substantial funds in exploring some of its properties only to abandon them and lose its entire expenditure on the properties if no commercial or economic quantities of minerals are found. Even if commercial quantities of minerals are discovered, the exploration properties might not be brought into a state of commercial production. Finding mineral deposits is dependent on a number of factors, including the technical skill of exploration personnel involved.

The commercial viability of a mineral deposit once discovered is also dependent on a number of factors, some of which are the particular attributes of the deposit, such as content of the deposit including harmful substances, size, grade and proximity to infrastructure, as well as metal prices and the availability of power and water in sufficient supply to permit development. Most of these factors are beyond the control of the entity conducting such mineral exploration.

Major Shareholder with greater than 10% Holding

AngloGold holds in excess of 10% of the Corporation's Common Shares. As a result, AngloGold may have the ability to influence the outcome of matters submitted to the PureGold shareholders for approval, which could include the election and removal of directors, amendments to PureGold's corporate governance documents and business combinations. PureGold's interests and those of AngloGold may at times conflict, and this conflict might be resolved against PureGold's interests. The concentration of a significant number of PureGold's issued and outstanding Common Shares in the hands of a small number of shareholders may discourage an unsolicited bid for the Common Shares, and this may adversely impact the value and trading price of the Common Shares. AngloGold's participation in, or failure to participate in any issuance of additional securities of PureGold may have a material impact on the value and trading price of the Common Shares.

Limited Operating History

PureGold has little history of sustained operations and no significant history of earnings. As such, the Corporation is subject to many risks common to such enterprises, including under-capitalization, cash shortages; limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that the Corporation will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

Risk related to the COVID-19 Pandemic

The outbreak of COVID-19 has caused, and may cause further, disruptions to the Corporation's business and operational plans. Such disruptions may result from (i) restrictions that governments and communities impose to address the COVID-19 outbreak, (ii) restrictions that the Corporation and its contractors and subcontractors impose to ensure the safety of employees and others, (iii) shortages of employees and/or unavailability of contractors and subcontractors, and/or (iv) interruption of supplies from third parties upon which the Corporation relies. It is presently not possible to predict the extent or duration of any such disruption. A disruption may have a material adverse effect on the Corporation's business, financial condition and results of operations, which could be rapid and unexpected. These disruptions may severely impact the Corporation's ability to carry out its business plans for 2022 and beyond.

Risks Inherent in the Nature of Mineral Exploration and Development

Mineral exploration and development involves several risks which experience, knowledge and careful evaluation may not be sufficient to overcome. Large capital expenditures are required in advance of anticipated revenues from operations. Many exploration programs do not result in the discovery of mineralization; moreover, mineralization discovered may not be of sufficient quantity or quality to be profitably mined. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labour are some of the risks involved in the conduct of exploration programs and the operation of mines. It is impossible to ensure that the exploration or development programs planned by the Corporation will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as quantity and quality of mineralization and proximity to infrastructure; mineral prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. Other factors include: the ability to hire and retain qualified people and the ability to obtain suitable machinery or equipment. Unfavourable changes to these and other factors have the potential to negatively affect the Corporation's operations and business.

All phases of the mineral exploration and development activities of the Corporation are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Mining and exploration activities are also subject to various laws and regulations relating to the protection of the environment. Although the Corporation believes that its exploration and development activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that would limit or curtail production or development. Amendments to current laws and regulations governing the operations and activities of the Corporation or more stringent implementation thereof could have a substantial adverse impact on the Corporation. In the context of environmental permitting, including the approval of reclamation plans, the Corporation must comply with known standards, existing laws and regulations which may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority. The Corporation is not aware of any material environmental constraint affecting the PureGold Mine Project that would preclude the economic development or operation of the PureGold Mine Project.

Decreases in Commodity Prices and Commodity Price Risks Could Impact the Corporation and Feasibility of the Corporation's Projects

Declining commodity prices or unfavorable exchange rates can impact operations by requiring a reassessment of the feasibility of the PureGold Mine Project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even though the February 2019 FS for the PureGold Mine Project indicated the project is economically viable, the economic viability will need to be periodically reassessed and the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

The price of the Common Shares, the Corporation's financial results and exploration, development and mining activities may in the future be significantly and adversely affected by declines in the price of gold or other minerals. The price of gold or other minerals fluctuates widely and is affected by numerous factors beyond the Corporation's control, including but not limited to the sale or purchase of commodities by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar, global and regional supply and demand, the political and economic conditions of major mineral-producing countries throughout the world, and the cost of substitutes, inventory levels and carrying charges. Future price declines in the market value of gold or other minerals could cause continued development of and commercial production from the Corporation's properties to be impracticable. Depending on the price of gold and other minerals, cash flow from mining operations may not be sufficient and the Corporation could be forced to discontinue production and may lose its interest in, or may be forced to sell, some of its properties. Economic viability of future production from the Corporation's mining properties, if any, is dependent upon the prices of gold and other minerals being adequate to make the properties economic.

In addition to adversely affecting any resource and reserve estimates of the Corporation and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

The Corporation's Securities are Subject to Market Price Volatility

The market price of the Common Shares may be adversely affected by a variety of factors relating to PureGold's business, including fluctuations in the Corporation's operating and financial results, the results of any public announcements made by PureGold and the failure to meet analysts' expectations.

The market prices of securities of PureGold have experienced wide fluctuations which may not necessarily be related to the financial condition, operating performance, underlying asset values or prospects of PureGold. Securities of small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. This volatility may adversely affect the market price of the Common Shares.

The price of the Corporation's public securities is also likely to be significantly affected by short-term changes in gold prices. Other factors unrelated to the Corporation's performance that may have an effect on the price of the Common Shares include the following: (i) the extent of analytical coverage available to investors concerning the Corporation's business may be limited if investment banks with research capabilities do not follow the Corporation's Common Shares; (ii) lessening in trading volume and general market interest in the Corporation's securities may affect an investor's ability to trade significant numbers of Common Shares; (iii) the size of the Corporation's public float may limit the ability of some institutions to invest in the Corporation's Common Shares; and (iv) a substantial decline in the price the Common Shares that persists for a significant period of time could cause the Corporation's Common Shares to be delisted from the TSX-V, the LSE or from any other exchange upon which the Corporation's Common Shares may trade from time to time, further reducing market liquidity.

As a result of any of these factors, the market prices of the Common Shares at any given point in time may not accurately reflect the Corporation's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Corporation may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Permitting and License Risks

In the ordinary course of business, PureGold will be required to obtain and renew governmental licences or permits for the operation and expansion of the Material Property or for the development, construction and commencement of mining at any of the Corporation's mineral resource properties, including the Material Property. Obtaining or renewing the necessary governmental licences or permits is a complex and time-consuming process involving numerous jurisdictions involving public hearings and costly permitting and other legal undertakings on the part of the Corporation.

In Canada, as with many jurisdictions, there are various federal, provincial and local laws governing land, power and water use, the protection of the environment, development, occupational health and safety, waste disposal and appropriate handling of toxic substances. Such operations and exploration activities are also subject to substantial regulation under these laws by governmental agencies and require the Corporation to obtain permits from various governmental agencies.

Exploration generally requires one form of permit while development and production operations require additional permits. There can be no assurance that all permits which the Corporation may require for future exploration or development will be obtainable at all or on reasonable terms. In addition, future changes in applicable laws or regulations could result in changes in legal requirements or in the terms of existing permits applicable to the Corporation or its properties. This could have a negative effect on the Corporation's exploration activities or the Corporation's ability to develop its properties.

The duration and success of the Corporation's efforts to obtain and renew licences or permits are contingent upon many variables not within PureGold's control, including the interpretation of applicable requirements implemented by the licensing authority. The Corporation may not be able (and no assurances can be given with respect to its ability) to obtain or renew licences or permits that are necessary to operations at PureGold's property interests, including, without limitation, an exploitation or operations licence, or the cost to obtain or renew licences or permits may exceed what PureGold believes can be recovered from its property interests if they are put into production. Any unexpected refusals of required licences or permits or delays or costs associated with the licensing or permitting process could prevent or delay the development or impede the operation of a mine, which could adversely impact the Corporation's operations and profitability.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or other remedial actions.

While the Corporation can foresee no reason why it may not receive all necessary permits, there can be no assurance that all permits which the Corporation may require for future exploration or possible future expansion or development will be obtainable at all or on reasonable terms. Further, any additional future laws and regulations, changes to existing laws and regulations (including, but not restricted to, the imposition of higher licence fees, mining royalties or taxes) or more stringent enforcement or restrictive interpretation of current laws and regulations by governmental authorities, or of rulings or clearances obtained from such governmental authorities, could cause additional expenditure (including capital expenditure) to be incurred or impose restrictions on, or suspensions of, the Corporation's operations and cause delays in the development of its properties. Moreover, these laws and regulations may allow governmental authorities and private parties to bring lawsuits based upon damage to or destruction of properties and injury to persons resulting from the environmental, health and safety impacts of the Corporation's past and current operations, and could lead to the imposition of substantial fines, penalties or other civil or criminal sanctions. The occurrence of any of these factors may have a material adverse effect on the Corporation's business, results of operations and financial condition and the price of the Common Shares.

The directors cannot be certain that the Corporation will receive or renew the necessary permits and licences at all, or on acceptable terms required to conduct further exploration and to develop its properties and bring them into production. The directors also cannot be certain what conditions will be attached to such permits and licences or whether the Corporation will be able to fulfil such conditions. The failure to obtain or renew such permits or licences, or delays in obtaining such permits or licences, or failure to fulfil any conditions attaching to such permits or licences, could increase the Corporation's costs and delay its activities, which could adversely affect the properties, business or operations of the Corporation.

Government and Community / Stakeholder Regulation and Approvals

In addition to Permitting and License Risks, the mineral exploration, development and processing activities of the Corporation are subject to extensive laws and regulations governing prospecting, exploration, development, construction, production, taxes, labour standards and occupational health and safety, toxic substances, land use, waste disposal, water use, land claims of local people, protection of historic and archaeological sites, protection of endangered and protected species and other matters.

Government and community / stakeholder approvals, approval of Indigenous peoples and permits are currently, and may in the future be required in connection with the Corporation's operations. To the extent such approvals are required and not obtained, the Corporation may be curtailed or prohibited from continuing its exploration or mining operations or from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Regulators in Canada have broad authority to shut down and/or levy fines against facilities that do not comply with regulations or standards.

The Corporation's mineral exploration and mining activities in Canada may be adversely affected in varying degrees by changing government regulations relating to the mining industry or shifts in political conditions that increase royalties payable or the costs related to the Corporation's activities or maintaining its properties. Operations may also be affected in varying degrees by government regulations with respect to restrictions on production, price controls, government-imposed royalties, claim fees, export controls, income taxes, and expropriation of property, environmental legislation and mine safety. The effect of these factors cannot be accurately predicted. Although the Corporation's exploration and development activities are currently carried out in material compliance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development.

Furthermore, any shift in political attitudes, or amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof are beyond the control of the Corporation and could have a substantial adverse impact on the Corporation.

Risks with Underground Development

The Corporation's activities related to the development and production at the PureGold Mine Project are subject to risks inherent in the mining industry generally, including unexpected problems associated with required water flow, retention and treatment, water quality, surface and underground conditions, equipment performance, accidents, labour disputes, force majeure risks and natural disasters. Particularly with underground development, inherent risks include variations in rock structure and strength as it impacts on construction of the mine, and de-watering and water handling requirements (if required) and unexpected local ground conditions. Hazards, such as unusual or unexpected rock formations, rock bursts, pressures, collapses, flooding or other conditions may be encountered during construction. Such risks could result in personal injury or fatality; damage to or destruction of the mine, processing facilities or equipment; environmental damage; delays, suspensions or permanent cessation of activities; monetary losses; and possible legal liability.

Indigenous Peoples

Various national and provincial laws, codes, resolutions, conventions, guidelines, and other materials relate to the rights of First Nations and Metis ("**Indigenous peoples**"). PureGold operates in an area presently or previously inhabited or used by Indigenous peoples. Many of these materials impose obligations on the government to respect the rights of Indigenous people. Some mandate that the government consult with Indigenous peoples regarding government actions which may affect indigenous people, including actions to approve or grant mining rights or permits. The obligations of government and private parties under the various national materials pertaining to Indigenous peoples continue to evolve and be defined.

The Corporation's current and future operations are subject to a risk that one or more groups of Indigenous peoples may oppose continued operation, further development, or new development of PureGold's projects or operations. Such opposition may be directed through legal or administrative proceedings or expressed in manifestations such as protests, roadblocks or other forms of public expression against the Corporation's activities. Opposition by Indigenous peoples to the Corporation's operations may require modification of, or preclude operation or development of, the Corporation's projects or may require the Corporation to enter into agreements with Indigenous peoples with respect to the Corporation's projects.

Any change or uncertainty in the permitting process may have an adverse impact on PureGold's operations. There can be no assurance that delays or new objections will not occur in connection with obtaining all necessary renewals of such permits for the existing operations or additional permits for any possible future changes to operations. Additional permits will be required to permit the PureGold Mine Project to go into production. See *Permitting and License Risks*.

Specifically, PureGold understands, as a result of inquiry, that the First Nations communities possibly affected by the PureGold Mine Project are the Lac Seul, Wabauskang, Wabaseemoong, Grassy Narrows and Naotkamegwanning (Whitefish Bay) First Nations, with Lac Seul and Wabauskang being the most affected.

PureGold entered into the FN Agreement with the Waubaskang and Lac Seul First Nations that does provide a mechanism for financial participation for these First Nations in the PureGold Mine Project and reflects their support for the PureGold Mine Project, including with permitting; however, there is no guarantee that all or some of these other communities will not oppose the project. This may have adverse economic consequences to the PureGold Mine Project.

Contractor Performance

As the Corporation proceeds with the advancement of the PureGold Mine Project, the timely and cost-effective completion of the work will depend to a large degree on the satisfactory performance of PureGold's contractors, as well as the design and engineering consultants who are responsible for the different elements of the site and mine plan and execution of construction plans. If any of these contractors or consultants do not perform to accepted or expected standards, PureGold may be required to hire different contractors to complete tasks, which may impact schedules and add costs to the PureGold Mine Project and, in some cases lead to significant risks and losses. A major contractor default or the failure to properly manage contractor performance could have a material impact on PureGold's results.

Major Amendments to Ontario's Mining Act

Ontario's *Mining Act* was significantly amended by the *Mining Amendment Act, 2009* that became law in 2009. The amendments are as a result of the Ontario government's initiative to modernize the way mining companies stake and explore claims in Ontario and relate to prospecting land, staking mining claims, disputing claims, assessment work, surface rights owners, exploration work, diamond mine royalties and consultation with Indigenous communities.

The amendments add significant new requirements regarding Indigenous consultation and dispute resolution and the protection of sites of Indigenous cultural significance from the impacts of mineral exploration.

Reclamation Costs

PureGold is required by provincial legislation to provide financial assurance sufficient to allow a third party to implement approved closure and reclamation plans if it is unable to do so.

These laws are complex, and the laws govern the determination of the scope and cost of the closure and reclamation obligations and the amount and forms of financial assurance.

As of December 31, 2021, PureGold has provided the appropriate regulatory authorities with $21.3 million in financial assurance, primarily in the form of surety bonds for its reclamation obligations at the PureGold Mine Project. The amount and nature of the financial assurances are dependent upon a number of factors, including PureGold's financial condition and reclamation cost estimates. Changes to these amounts, as well as the nature of the collateral to be provided, could significantly increase PureGold's costs, making the maintenance and development of a mine less economically feasible. However, the regulatory authorities may require further financial assurances. To the extent that the value of the collateral provided to the regulatory authorities is or becomes insufficient to cover the amount of financial assurance PureGold is required to post, PureGold would be required to replace or supplement the existing security with more expensive forms of security, which might include additional cash deposits, which would reduce its cash available for operations and financing activities.

Although the Corporation has currently made provisions for certain of its reclamation obligations, there is no assurance that these provisions will be adequate in the future. The amount of financial assurance required is expected to increase significantly through negotiation with provincial regulatory authorities as the PureGold Mine Project advances through permitting. There can be no guarantee that PureGold will have sufficient capital resources to further supplement its existing security.

Failure to provide regulatory authorities with the required financial assurances could potentially result in the closure of PureGold's operations, which could result in a material adverse effect on its operating results and financial condition.

Non-Compliance and Compliance Costs

PureGold is subject to various laws and regulations. The costs associated with compliance with such laws and regulations may cause substantial delays and require significant cash and financial expenditure, which may have a material adverse effect on the Corporation or the development of the PureGold Mine Project.

The officers and directors of the Corporation rely, to a great extent, on the Corporation's legal counsel and local consultants and advisors in respect of legal, environmental compliance, banking, financing and tax matters in order to ensure compliance with material legal, regulatory and governmental developments as they pertain to and affect the Corporation's operations.

Despite these resources, the Corporation may fail to comply with a legal or regulatory requirement, which may lead to the revocation of certain rights or to penalties or fees and in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions.

Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the operational activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws. Any of the foregoing may have a material adverse effect on the Corporation or the development of the PureGold Mine Project.

Dependence on Single Project

The only Material Property in which PureGold has an interest is the PureGold Mine Project.

It is not uncommon for new mining developments to experience unexpected problems and delays during construction, commissioning and production start-up, or indeed for such projects to fail. Any adverse event affecting the PureGold Mine Project, either during its development or following the commencement of production, would have a material adverse effect on the Corporation's business, results of operations, financial condition and the price of the Common Shares, as the Corporation has no other near-term source of revenue earnings.

Actual future development costs may differ materially from PureGold's estimates and may render the development of the PureGold Mine Project economically unfeasible. In the absence of additional mineral projects, PureGold is solely dependent upon the PureGold Mine Project for its future revenue and profits, if any. Should future costs be significantly different from estimates, then PureGold's business and financial position may be significantly and adversely affected.

Additional Capital and Potential Dilution to Common Shares

PureGold's articles of incorporation allow the Corporation to issue an unlimited number of Common Shares for such consideration and on such terms and conditions as shall be established by our Board, in many cases, without the approval of the shareholders.

There are currently 500,588,212 Common Shares issued and outstanding. The increase in the number of Common Shares issued and outstanding through further issuances may have a depressive effect on the price of the Common Shares and will dilute the voting power of the Corporation's existing shareholders and the potential value of each of the Corporation's Common Shares.

Although the Corporation believes it is fully funded with respect to its development activities, the Corporation may require additional financing to continue operations of the PureGold Mine Property, including drilling additional targets, or funding the acquisition of other property interests. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be on terms that are favourable to the Corporation.

In addition, the Corporation has issued potentially dilutive securities in the form of incentive stock options to purchase Common Shares ("**Options**") pursuant to PureGold's Stock Option Plan and restricted share units ("**RSUs**") and deferred share units ("**DSUs**") pursuant to the Corporation's RSU and DSU plans, respectively. As at March 30, 2022, there were 17,405,001 Common Shares issuable upon the exercise of outstanding Options at a weighted average exercise price of $0.94 per Common Share and 4,157,508 RSU's and 1,078,306 DSUs outstanding. The Corporation also has 44,383,911 Common Share purchase warrants outstanding with a weighted average exercise price of $0.99 per share.

The Corporation may issue additional Common Shares in future offerings (including through the sale of securities convertible into or exchangeable for Common Shares) and on the exercise of Options. The Corporation may also issue Common Shares to finance future acquisitions and other projects.

Issuances of a substantial number of additional Common Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Common Shares.

Limited Life of the PureGold Mine Project

Because mines have limited lives, the Corporation must continually replace and expand its mineral reserves as they are depleted by production at its operations in order to maintain or grow its total Mineral Reserve base. The life-of-mine estimates included in this AIF for the Corporation's PureGold Mine Project are based on a number of factors and assumptions and may prove to be incorrect. The Corporation's ability to maintain or increase its annual production of gold will significantly depend on its ability to bring new mines or deposits into production and to expand mineral reserves at its PureGold Mine. Once a site with mineralization is discovered, it may take several years from the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish mineral reserves and to construct mining and processing facilities. As a result of these uncertainties, there is no assurance that current or future exploration programs will be successful. There is a risk that depletion of reserves will not be offset by discoveries. As a result, the reserve base of the Corporation may decline if reserves are mined without adequate replacement and the Corporation may not be able to sustain production beyond the current mine lives, based on current production rates.

Measures to Protect Endangered Species

Canada is a country with a diverse and fragile ecosystem and the federal government, regional governments and nongovernmental organizations ("**NGOs**") are vigilant in their protection of endangered species. The existence or discovery of an endangered species at the PureGold Mine Project would likely have a number of adverse consequences to the Corporation's plans and operations. For instance, the presence of an endangered species could require the Corporation to modify its design plans and construction, to take extraordinary measures to protect the species or to cease its activities at the PureGold Mine Project temporarily or permanently, all of which would delay the PureGold Mine Project's development and production and would have an adverse economic impact on PureGold, which could be material. The existence or discovery of an endangered species at the PureGold Mine Project could also ignite NGO and local community opposition to the PureGold Mine Project, which would be a further barrier to development and could impact the Corporation's global reputation.

In particular, in the past, PureGold identified Brown Myotis bats in its underground workings when the ramp was opened up and was required to provide mitigation measures before a permit allowing the Corporation to continue with its underground exploration and development activities was issued.

Canada's Extractive Sector Transparency Measures Act and UK's Report On Payments to Governments

The *Canadian Extractive Sector Transparency Measures Act* (Canada) ("**ESTMA**"), which became effective June 1, 2015, requires public disclosure of payments to governments by mining and oil and gas companies engaged in the commercial development of oil, gas and minerals who are either publicly listed in Canada or with business or assets in Canada. Mandatory annual reporting is required for extractive companies with respect to payments made to foreign and domestic governments at all levels, including entities established by two or more governments, including Indigenous groups. Reporting on payments to Canadian First Nations commenced in 2018. ESTMA requires reporting on the payments of any taxes, royalties, fees, production entitlements, bonuses, dividends, infrastructure improvement payments, and any other prescribed payment over $100,000. Failure to report, false reporting or structuring payments to avoid reporting may result in fines. We commenced ESTMA reporting in fiscal 2017. If we become subject to an enforcement action or in violation of ESTMA, this may result in significant penalties, fines and/or sanctions imposed on us resulting in a material adverse effect on our reputation.

A similar system in the United Kingdom requires companies to complete DTR 4.3AR (report on payments to governments) which the Corporation began to comply with in 2019, when it listed on the LSE. Failure to report may also be subject to fines under UK legislation.

Information Systems and Cyber Security

The Corporation's operations depend on information technology (IT) systems. These IT systems could be subject to network disruptions caused by a variety of sources, including computer viruses, security breaches and cyber-attacks, as well as disruptions resulting from incidents such as cable cuts, damage to physical plants, natural disasters, terrorism, fire, power loss, vandalism and theft.

The Corporation's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Corporation's reputation and results of operations.

Although to date the Corporation has not experienced any material losses relating to cyber-attacks or other information security breaches, there can be no assurance that the Corporation will not incur such losses in the future. The Corporation's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats.

As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority. As cyber threats continue to evolve, the Corporation may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Land Title

The acquisition of the right to explore and/or exploit mineral properties is a detailed and time-consuming process. Although the Corporation is satisfied it has taken reasonable measures to acquire unencumbered rights to explore its mineral properties in Canada, no assurance can be given that such claims are not subject to prior unregistered agreements or interests or to undetected or other claims or interests which could be material or adverse to the Corporation. While the vast majority of the Corporation's mineral claims are patented claims with both surface and mineral rights, the Corporation's PureGold Mine Project is subject to some unpatented mining claims to which the Corporation has only possessory title. Because title to unpatented mining claims is subject to inherent uncertainties, it is difficult to determine conclusively the ownership of such claims. These uncertainties relate to such things as sufficiency of mineral discovery, proper posting and marking of boundaries and possible conflicts with other claims not determinable from descriptions of record. Since a substantial portion of all mineral exploration, development and mining in Canada occurs on unpatented mining claims, this uncertainty is inherent in the mining industry in Canada.

The present status of the Corporation's unpatented mining claims located on public lands provides the Corporation with the exclusive right to mine and remove valuable minerals, such as precious and base metals. The Corporation is also allowed to use the surface of the land solely for purposes related to exploration, mining and processing the mineral-bearing ores. However, legal ownership of the land remains with the Ontario government. The Corporation remains at risk that the mining claims may be forfeited either to the government or to rival private claimants due to failure to comply with statutory requirements. No mining is currently contemplated on unpatented claims.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on the availability of adequate infrastructure. Reliable roads, bridges, power sources, fuel and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Corporation's operations, financial condition and results of operations.

Insurance and Uninsured Risks

The Corporation's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment, natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or exploration facilities, personal injury or death, environmental damage to the Corporation's properties or the properties of others, delays in the ability to undertake exploration, monetary losses and possible legal liability.

Although the Corporation maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance will not cover all the potential risks associated with a mining company's operations. The Corporation may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Corporation or to other companies in the mining industry on acceptable terms. The Corporation might also become subject to liability for pollution or other hazards which it may not be insured against or which the Corporation may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Corporation to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Environmental Risk

Exploration and development programs and operations in a historic mining camp have inherent risks and liabilities associated with pollution of the environment and the disposal of waste products. Laws and regulations involving the protection and remediation of the environment, including those addressing emissions into the air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species and reclamation of lands disturbed by mining operations and the governmental policies for implementation of such laws and regulations are constantly changing and are generally becoming more restrictive, with the trend towards stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and increasing responsibility for companies and their officers, directors and employees. Compliance with current or future environmental laws and regulations may require significant capital outlays on behalf of the Corporation and may cause material changes or delays in the Corporation's intended activities. There can be no assurance that future changes in environmental regulations will not adversely affect the Corporation's business, and it is possible that future changes in these laws or regulations could have a significant adverse impact on some portion of the Corporation's business and the properties operated, which could have a material and adverse effect on the Corporation's future cash flows, earnings, results of operations and financial condition. The Corporation cannot give any assurance that breaches of environmental laws (whether inadvertent or not) or environmental pollution will not result in additional costs or curtailment of planned activities and investments, which could have a material and adverse effect on the Corporation's future cash flows, earnings, results of operations and financial condition.

Competitive Conditions

The mineral exploration and mining business is competitive in all phases of exploration, development and production. The Corporation competes with a number of other entities in the search for and the acquisition of potentially productive mineral properties. In particular, there is a high degree of competition faced by the Corporation for desirable mining property interests, suitable prospects for drilling operations and necessary mining equipment, and many of these companies have greater financial resources, operational experience and/or more advanced properties than the Corporation. As a result of this competition, the majority of which is with companies with greater financial resources than the Corporation, the Corporation may be unable to acquire attractive properties in the future on terms it considers acceptable. The Corporation also competes with other resource companies, many of whom have greater financial resources and/or more advanced properties, in attracting equity and other capital necessary for the Corporation to advance the exploration and development of its mineral properties.

The ability of the Corporation to acquire additional properties depends on, among other things, its available working capital, its ability to explore and develop its existing properties, its ability to attract and retain highly-skilled employees, and on its ability to select, acquire and bring to production suitable properties or prospects for mineral exploration and development. Factors beyond the control of the Corporation may affect the marketability of minerals mined or discovered by the Corporation. Mineral prices have historically been subject to fluctuations and are affected by numerous factors beyond the control of the Corporation.

Specialized Skill and Knowledge

Various aspects of the Corporation's business require specialized skills and knowledge. Such skills and knowledge include the areas of permitting, geology, drilling, metallurgy, logistical planning, engineering and implementation of exploration programs as well as finance and accounting. To date, the Corporation has found that it can locate and retain such employees and consultants and believes it will continue to be able to do so; however, no assurances can be made in that regard.

The number of persons skilled in construction, development, acquisition, exploration and operation of mining properties is limited and competition for such persons is intense. As PureGold continues with the development of the PureGold Mine Project and its business activity grows, PureGold will require additional key construction, operations, financial and geologic personnel. There is a risk that PureGold will not be successful in attracting, training and retaining qualified personnel as competition for persons with these skill sets increases. If PureGold is not successful in attracting, training and retaining qualified personnel, the efficiency of PureGold's operations could be impaired, which could have an adverse impact on PureGold's future cash flows, earnings, results of operations and financial condition.

Acquisitions and Integration

From time to time, it can be expected that the Corporation will examine opportunities to acquire additional exploration and/or mining assets and businesses. Any acquisition that the Corporation may choose to complete may be of a significant size, may change the scale of the Corporation's business and operations, and may expose the Corporation to new geographic, political, operating, financial and geological risks. The Corporation's success in its acquisition activities depends upon its ability to identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition, and integrate the acquired operations successfully with those of the Corporation. Any acquisitions would be accompanied by risks. If the Corporation chooses to raise debt capital to finance any such acquisitions, the Corporation's leverage will be increased. If the Corporation chooses to use equity as consideration for such acquisitions, existing shareholders may suffer dilution. Alternatively, the Corporation may choose to finance any such acquisitions with its existing resources. There can be no assurance that the Corporation would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

Influence of Third-Party Stakeholders

Some of the lands in which PureGold holds an interest, or the exploration equipment and roads or other means of access which PureGold intends to utilize in carrying out its work programs or general business mandates, may be subject to interests or claims by third party individuals, groups or companies. If such third parties assert any claims, PureGold's work programs may be delayed even if such claims are without merit. Such delays may result in significant financial loss and loss of opportunity for PureGold.

Future Sales of Common Shares by Existing Shareholders

Sales of a large number of Common Shares in the public markets, or the potential for such sales, could decrease the trading price of the Common Shares and could impair the Corporation's ability to raise capital through future sales of Common Shares. In particular, should AngloGold or Eric Sprott (or any other large shareholder) decide to liquidate all or a significant portion of their position, it could adversely affect the price of the Common Shares.

Risk of Litigation

PureGold may become involved in disputes with third parties in the future that may result in litigation. The results of litigation cannot be predicted with certainty and defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. If PureGold is unable to resolve these disputes favourably or if the cost of the resolution is substantial, such events may have a material adverse impact on the ability of PureGold to carry out its business plan.

In addition, PureGold has partially financed its activities through the issuance of flow-through shares and is required to make certain qualifying expenditures and tax filings, renouncing such qualifying expenditures to the benefit of the purchasers of the flow-through shares ("**Flow-Through Shareholders**"). If PureGold fails to make the necessary qualifying expenditures and renounce them to Flow-Through Shareholders, it would be required to indemnify such Flow-Through Shareholders from any tax, interest and penalties assessed to the Flow-Through Shareholder by the Canada Revenue Agency.

In the event the Canada Revenue Agency disagrees with the Corporation's classification of expenditures to meet the definition of Canadian Exploration Expenses (as defined in the *Income Tax Act* (Canada)), the Corporation may be obligated to reimburse the Flow-Through Shareholders for any additional Canadian income tax they may be assessed because of this disagreement.

Conflicts of Interest

Certain of the directors and officers of the Corporation also serve as directors and/or officers of Oxygen, a company from whom the Corporation receives management and technical services, as well as other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers involving the Corporation should be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Corporation and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the *Business Corporations Act* (British Columbia) and other applicable laws.

Passive Foreign Investment Corporation ("PFIC")

PureGold has been classified as a PFIC within the meaning of Section 1291 through 1298 of the US Internal Revenue Code of 1986, as amended, for a number of its fiscal years. A US shareholder who holds stock in a foreign corporation during any year in which such corporation qualifies as a PFIC is subject to special US federal income taxation rules, which may have adverse tax consequences to such shareholders. Additionally, a United States shareholder may be eligible to make certain elections under two alternative tax regimes. A US shareholder should consult its own US tax advisor with respect to an investment in the Common Shares and to ascertain which elections, if any, might be beneficial to the United States shareholder's own facts and circumstances. PureGold has completed calculations to determine its PFIC status for each of its March 31, 2015, 2016 and 2017 and December 31, 2018, 2019 and 2020 fiscal year ends, which are available on the Corporation's website. The calculation for the Corporation's December 31, 2021 year-end has not yet been completed but will be added to the Corporation's website in due course.

Key Executives

The Corporation is dependent on the services and technical expertise of several key executives, including the directors of the Corporation and a small number of highly skilled and experienced executives and personnel. Many of these key executives are employed directly by

Oxygen and provide services through a technical and administrative services arrangement. Due to the relatively small size of the Corporation, the loss of any of these individuals or the termination of the agreement with Oxygen, may adversely affect the Corporation's ability to attract and retain additional highly skilled employees and may impact its business and future operations.

Internal Controls

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation. Although PureGold has a very limited history of operations, the Corporation has undertaken to put into place a system of internal controls appropriate for its size, and reflective of its level of operations, however, given the size of the Corporation and its limited resources, these controls may be inadequate to identify all errors.

Credit Risk

Credit risk arises from cash and cash equivalents held with banks and financial institutions and amounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets.

Adverse effect of interest rate changes.

PureGold's Facility calls for a variable rate of interest. As a result, PureGold has exposure to changes in interest rates resulting from its borrowing activities.

There can be no assurance that the Corporation will not be materially adversely affected by interest rate changes in the future.

Dividend Policy

No dividends on the Common Shares have been paid by the Corporation to date. Payment of any future dividends will be at the discretion of the Board after considering many factors, including the Corporation's operating results, financial condition and current and anticipated cash needs. At this time, the Corporation has no source of cash flow and anticipates using all available cash resources towards its stated business objectives and retaining all earnings, if any, to finance its business operations. In addition, under the terms of the Facility, the Callable Gold Stream and PPA, the Corporation is restricted from paying a dividend on the Common Shares without Sprott's written consent. See "Dividends and Distributions" below.

Climate Change Risks

PureGold acknowledges climate change as an international and community concern, and it supports and endorses various initiatives for voluntary actions consistent with international initiatives on climate change. However, in addition to voluntary actions, governments are moving to introduce climate change legislation and treaties at the international, national, state/provincial and local levels. Where legislation already exists, regulation relating to emission levels and energy efficiency is becoming more stringent. Some of the costs associated with reducing emissions can be offset by increased energy efficiency and technological innovation. However, if the current regulatory trend continues, PureGold expects that this could result in increased costs at some of its operations in the future.

Ontario has already experienced increases in the intensity and frequency of extreme weather events, changes in the distribution of precipitation and warmer temperatures. As the climate continues to change, PureGold will need to recognize these changes, understand how the changes will impact it and develop adaptation strategies to minimize negative impacts to infrastructure and operations.

Mining infrastructure is vulnerable to changes in climate and weather, for example:

- Climate change has the potential to affect buildings and built structures, slope stability, tailings and water retention structures, and site hydrology;

- Extreme rainfall, rain-on-snow events and rapid melting of the snowpack within a watershed could also overwhelm site drainage and diversion structures, causing excess runoff to tailings impoundments;

- Increased temperatures could lead to increased evaporation and erosion from tailings ponds and passive contamination reduction systems (e.g. wetland filtration);

- Decreases in mean annual precipitation and increases in evapotranspiration may lead to drought conditions and may make it difficult to maintain closure scenarios, such as sufficient water cover over tailings, or sufficient water for site re-vegetation; and

- Changing weather patterns may put additional stresses on buildings and other infrastructure, potentially altering useful lives.

MINERAL PROPERTIES

As at March 30, 2022, the Corporation holds an interest in one mineral property that is considered to be material within the meaning of applicable Canadian securities laws, namely the PureGold Mine Project. This property is discussed in detail below. The remaining properties of the Corporation are in a relatively early stage.

PureGold Mine Project, Red Lake, Canada

Except as otherwise stated herein, the following disclosure relating to the PureGold Mine Project is based on information derived from the NI 43-101 Technical Report prepared by JDS Energy & Mining for the PureGold Mine Project titled **"Madsen Gold Project Technical Report, Feasibility Study for the Madsen Deposit, Red Lake, Ontario, Canada"**, effective February 5, 2019, with a report date of March 21, 2019 and revised July 5, 2019 (the "**Technical Report**") co-authored by Michael Makarenko P. Eng. JDS Energy & Mining Inc.; Michael Levy, P. Eng. JDS Energy & Mining Inc.; Kelly McLeod, P. Eng. JDS Energy & Mining Inc.; Dan Ruane, P. Eng. Knight Piésold Ltd.; Darcy Baker, P.Geo., Equity Exploration Consultants Ltd.; Marc Jutras, P.Eng., Ginto Consulting Inc.; Richard Boehnke, P. Eng. JDS Energy & Mining Inc. and Dave Stone, P.E., Minefill Services Inc. and was prepared in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects. These authors are independent of PureGold and are independent "Qualified Persons" (as defined by NI 43-101) for the Technical Report upon which the Technical Information reproduced in this AIF is based. See in this AIF, "*Interests of Experts*".

Readers are directed to and encouraged to review the Technical Report, which can be reviewed in its entirety under the Corporation's profile on SEDAR at www.sedar.com and which qualifies the following disclosure. The following summary is not exhaustive. The Technical Report is intended to be read as a whole, and sections should not be read or relied upon out of context. The Technical Report contains the expression of the professional opinion of the Qualified Persons based upon information available at the time of preparation of the Technical Report. The following disclosure, which is derived from the Technical Report, is subject to the assumptions and qualifications contained in such report.

The executive summary section of the Technical Report is reproduced below. Portions of the following information are based on assumptions, qualifications and procedures which are not fully described in the summary. Reference should be made to the full text of the Technical Report, which is incorporated by reference herein. All capitalized terms used in the summary below that are not otherwise defined shall have the meanings ascribed thereto in the Technical Report. The below summary refers to the project as the "PureGold Mine Project" as opposed to the "Madsen Gold Project" as written in the Technical Report.

Executive Summary

1.1 Introduction

This report summarizes the results of the FS completed by JDS as commissioned by PureGold for the PureGold Mine Project and was prepared in accordance with the Canadian Securities Administrators' National Instrument 43-101 and Form 43-101F1, collectively referred to as National Instrument (NI) 43-101.

The PureGold Mine Project is a precious metals resource project located in the Red Lake district of Northwestern Ontario. Based on Probable Reserves, a subset of the Indicated Resource category, the Project will develop a mining and processing operation with mining from five zones near the PureGold Mine over a 12-year production period by way of an extension of the existing ramp and an overhauled shaft access underground mine, an expanded and refurbished cyanidation gold extraction processing facility capable of processing ore at an average rate of 800 tonnes per day (t/d), a cyanide destruction circuit, an upgraded tailings management facility, a water treatment plant and related infrastructure.

1.2 Property Description and Ownership

The PureGold Mine Project, which is 100% owned by PureGold Mining Inc. is centered around the historical PureGold Mine, which produced 2.5 million ounces at an average grade of 9.7 g/t gold (7.9 million tonnes) between 1938 and 1976 and again from 1997 to 1999. The PureGold Mine has been in temporary suspension and advanced exploration since operations ceased in 1999. The PureGold Mine Project comprises a contiguous group of 251 mining leases, mining patents and unpatented mining claims covering an aggregate area of 4,648 hectares (46.5 km2). Infrastructure includes paved highway and secondary road access, a mill and tailings facility and access to power and water.

The Project is located in the Red Lake district of Northwestern Ontario, approximately 440 km northwest of Thunder Bay, Ontario, 260 km east-northeast of Winnipeg, Manitoba and 10 km south-southwest via provincial highway ON-618 S from the town of Red Lake. The Project is adjacent to the community of Madsen at approximately 93.91 degrees longitude west and 50.97 degrees latitude north. Access to the Project site is via the Mine Road off ON-168 S and access to Red Lake is via ON-105 N from the Trans-Canada Highway / ON-17 and via commercial airline flying into the Red Lake Municipal Airport.

1.3 History, Exploration and Drilling

Gold was discovered in the Red Lake area in 1925 and the first claims were staked in the Madsen area in 1927. Initial development at the PureGold Mine Property was focussed on the Madsen No. 1 Vein where a shaft was sunk and underground exploration commenced in 1936. The PureGold Mine deposit was discovered in 1937 and promptly went into production a year later with sinking of the PureGold Mine No. 2 shaft which ultimately reached a depth of 1,273 m with production from 27 levels. The 8 zone of the PureGold Mine deposit was discovered in 1969. Production in the mine was halted in 1974 and the mine was placed into Temporary Suspension. Production at PureGold Mine to this time totalled 2.43 million ounces from 7.6 Mt at a recovered grade of 9.91 g/t gold. Little work occurred at the PureGold Mine until 1997 when exploration and development resumed along with redevelopment of the project infrastructure. In 1998 Claude Resources purchased the project and in 1998–99, produced about 22,000 ounces of gold from the PureGold Mine shaft and the newly developed McVeigh portal but ceased production in October 1999 due to low gold prices and low head grades resulting from excessive mining dilution. From 1999 to 2013 Claude focussed on exploration of the property and compilation and conversion of an extensive hardcopy historical record to digital formats.

PureGold (then Laurentian Goldfields) purchased the project in 2014 and embarked on a property-wide geoscience and exploration program to provide the basis for future re-development. Work focussed on integrating new geologic mapping and geochemical data with the geological learnings from the 38 years of mining development into a new property-wide geological framework. From 2014 to 2018, PureGold drilled 904 core holes (for 210,645 m), re-logged 595 historical drill holes (for 271,000 m), developed a new geological model for mineralization which formed the basis for a new PureGold Mine Mineral Resource estimate and discovered and published maiden Mineral Resource estimates for three new deposits (Fork, Russet South, and Wedge) delineated through systematic exploration of the broader PureGold Mine gold system. In 2017, PureGold reconditioned the portal and completed underground exploration and delineation drilling of the bulk sample area. In 2018 the company completed ongoing environmental baseline and feasibility-level studies and collected a 7,096 tonne bulk sample from the McVeigh Zone.

1.4 Geology and Mineralization

The PureGold Mine Project is located within the Red Lake Greenstone Belt ("**Red Lake GB**") of the Archean Superior Province craton of the Canadian Shield. The Red Lake GB is approximately 50 km by 40 km and comprises 2.99-2.70 Ga deformed and metamorphosed supracrustal (volcanic and sedimentary) rocks intervening between three main granitoid batholiths. The Red Lake GB boasts a prolific history of gold production over a 90 year history. All major deposits in the Red Lake GB are hosted within the ca. 2.99-2.96 Ga Balmer Assemblage which includes the belt's oldest volcanic rocks that are predominantly of submarine mafic thoeliite and ultramafic komatiite composition. Gold deposits in the Red Lake GB are classified as orogenic gold deposits (Groves et al., 1998) and characterized by an association with crustal-scale fault structures. Gold deposition in orogenic gold deposits is typically syn-kinematic and syn- to post-peak metamorphic and is largely restricted to the brittle-ductile transition zone.

Rock units of the Red Lake GB are multiply deformed and metamorphosed. On the PureGold Mine Property, this complex deformation history is most readily explained through an early phase of tight upright folding (D1) and an overprinting minor folding event and associated widespread foliation development (D2). Significantly, the Madsen, Fork, Russet South, and Wedge deposits all occur within planar structures (shear zones) that developed generally axial-planar to property-scale D1 folds. These early planar mineralized structures are the main targets for further gold exploration at the PureGold Mine Project and although they have been strongly overprinted by penetrative D2 deformation and metamorphism, they can be effectively identified by a distinct series of mineral phases (alteration), vein styles (blue-grey, deformed quartz veins) and quartz porphyritic intrusions that pre-date gold mineralization but are very common within the D1 shear zones.

In some ways, the PureGold Mine deposits seem atypical in that they are strongly overprinted by deformation and metamorphism rather than being syn- to post-peak metamorphic. The age of D1 deformation and gold mineralization, however, is poorly constrained and if the overprinting deformation is unravelled from the PureGold Mine deposits, they closely fit the orogenic gold deposit model including an association with crustal scale structures and an association with pervasive structurally-controlled carbonate alteration and quartz-carbonate veining.

1.5 Mineral Processing and Metallurgy

The most recent metallurgical program, completed in 2018 in support of this Feasibility Study, was carried out with the primary objective of confirming the flowsheet and design criteria using a combination of new test work, historical data and the existing plant design. Drill core and underground samples from the four PureGold Mine deposit zones, McVeigh, South Austin (including the new A3 domain), Austin and 8 zones, was sent to Base Metallurgical Laboratories Ltd. (BaseMet) in Kamloops, BC for test work that included sample preparation, interval assaying, mineralogy, gravity concentration, cyanide leach and cyanide destruction. Process optimization test work was also conducted to further the understanding and optimization of the processing characteristics in support of this Feasibility Study and evaluate the existing equipment in the plant.

The test program was done in four phases: Variability Scoping Composites, Year Composites, Tailings Generation and Variability Composites. The first phase was scoping variability tests on 12 composites from the different areas of the deposit (the A3 domain was split out from the South Austin zone) to evaluate the metallurgical response using the existing plant flowsheet and historical data. Phase 2 included test work on the three year composites that represented the years -1 to 1, 2 to 3 and 4 to 7 of the mine schedule at a target head grade of 8 g/t. The final phase tested the optimized flowsheet using 30 variability composites representing the different zones of the deposit.

The mineralogy indicated that the sulphur content is mainly associated with Pyrrhotite and Pyrite and trace amounts of Arsenopyrite. The comminution test work included Crushing Work Index (CWi), SAG Mill Comminution (SMC), Bond Ball Mill Work Index (BWi) and Abrasion Index (Ai). The results indicate the material is soft to moderately hard with a BWi ranging from 9.5 to 17.1 kWh/tonne with an average of approximately 14.5 kWh/tonne and an average Ai of 0.266 g. A correlation between gold extraction and head grade was not observed. The variability composite results averaged 96.6% gold extraction and gravity gold recovery of 45.7%.

Based on the results from Base Met (2018), gold doré can be produced with a primary grind size of 80% passing (P80) 75 µm followed by gravity concentration, 2 hour pre-oxidation, 250 g/t lead nitrate, a 24 hour cyanide leach at a cyanide concentration of 500 ppm and a pH of 10.5, 6-hour carbon-in-pulp (CIP) adsorption, desorption and refining process. The blended average of the samples tested, based on the mine plan, is estimated to achieve a recovery of 96% Au.

1.6 Mineral Resource Estimate

The PureGold Mine Mineral Resources were estimated by Ginto Consulting Inc. (Ginto) The PureGold Mine resource drill hole database comprised 14,822 holes totaling 1,220,042 m of drilling, with a cut-off date of January 16, 2018. 549 of these holes were drilled by PureGold from 2014 to 2018. The mineral resources were estimated with an ordinary kriging technique on composited and capped gold assays.

The Fork and Russet South deposits were both updated as part of the current mineral resource estimates, with drill hole cut-off dates of July 10, 2018 and August 10, 2018 respectively. The mineral resource estimate at Fork considered data from 45,525 metres of drilling from 122 drill holes, including five new drill holes since the December 2017 estimate. At Russet South, the mineral resource estimate considered data from 26,567 metres of drilling from 105 drill holes, including 24 new drill holes completed since December 2017.

Mineral resources at Wedge, located approximately three kilometres by road south of the PureGold Mine milling infrastructure, were estimated for the first time in this Mineral Resource. Surface drilling in the Wedge area was conducted by PureGold in late 2017 through 2018, establishing strongly mineralized zones with good continuity that remain open for expansion. In total, the Wedge mineral resource estimate considered 52,238 metres of drilling from 201 drill holes, with a cut-off date of August 29, 2018.

The estimation methodology for the Fork, Russet South, and Wedge deposits used the same approach to that of the PureGold Mine deposit.

Table 1-1 summarizes the Mineral Resource with an effective date of February 5, 2019.

Table 1-1: PureGold Mine Project Mineral Resource Statement – Effective February 5, 2019

Zone	Indicated			Inferred		
	Tonnes	Au Grade (g/t)	Ounces (Au)	Tonnes	Au Grade (g/t)	Ounces (Au)
Madsen	6,429,000	9.0	1,857,000	889,000	8.4	241,000
Fork	203,000	6.6	43,000	331,000	5.8	61,000
Russet South	241,000	7.2	56,000	352,000	7.5	85,000
Wedge	322,000	10.3	107,000	307,000	8.0	79,000
Total	7,196,000	8.9	2,063,000	1,880,000	7.7	467,000

Notes:
1) The Qualified Person for the Mineral Resource estimate is Marc Jutras, P.Eng. of Ginto Consulting Inc.
2) Mineral resources are reported at a cut-off grade of 4.0 g/t gold based on US$1,275 per troy ounce gold and gold metallurgical recoveries of 95 percent.
3) Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resources estimated will be converted into mineral reserves. The estimate of mineral resources

may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.

4) The CIM definitions were followed for the classification of indicated and inferred mineral resources. The quantity and grade of reported inferred mineral resources in this estimation are uncertain in nature and there has been insufficient exploration to define these inferred mineral resources as an indicated mineral resource and it is uncertain if further exploration will result in upgrading them to an indicated mineral resource category
5) All figures in Table 1-1 have been rounded to reflect the relative accuracy of the estimates.

Source: Ginto Consulting Inc. (2019)

1.7 Mineral Reserve Estimate

The effective date for the Mineral Reserve Estimate is February 11, 2019 and was prepared by JDS. All Mineral Reserves in Table 1-2 are classified as Probable Mineral Reserves. The Mineral Reserves are included in the Mineral Resources.

The Qualified Person (QP) has not identified any risks including legal, political, or environmental that would materially affect potential Mineral Reserves development.

Table 1-2: PureGold Mine Project Mineral Reserve Estimate

Class	Diluted Tonnes (kt)	Au Grade (g/t)	Au Ounces (koz)
Probable	3,512	8.97	1,013
Total	3,512	8.97	1,013

Notes:

1) The Qualified Person for the Mineral Reserve estimate is Michael Makarenko, P. Eng., of JDS Energy & Mining Inc.
2) Effective date: February 11, 2019. All Mineral Reserves have been estimated in accordance with Canadian Institute of Mining and Metallurgy and Petroleum (CIM) definitions, as required under NI 43-101.
3) Mineral Reserves were estimated using a US $1,275 /oz gold price and gold cut-off grade of 4.75 g/t for all mining zones except for McVeigh which used a cut-off grade of 4.0 g/t. Other costs and factors used for gold cut-off grade determination were mining, process and other costs of $226.00/t, transport and treatment charges of $6.00 /oz Au, CAD:USD exchange rate of 0.78 and a gold metallurgical recovery of 95%.
4) Tonnages are rounded to the nearest 1,000 t, gold grades are rounded to two decimal places. Tonnage and grade measurements are in metric units; contained gold is reported as thousands of troy ounces.
5) Rounding as required by reporting guidelines may result in summation differences.

Source: JDS (2019)

1.8 Mining Methods

The PureGold Mine deposits are proposed to be mined as an underground operation using a combination of longhole stoping (LH) with unconsolidated rock fill, conventional cut and fill (CCF) and mechanized cut and fill (MCF) both using hydraulic and rock fill. A target production rate of 800 t/d is envisioned over an operating mine life of 12-years that will extract 3.5 Mt of ore. LH Stoping, CCF and MCF will account for 25%, 59% and 16% of the total ore production respectively. The PureGold Mine deposit will be accessed by extending the current underground ramp and tying into the existing mine levels spaced approximately every 50 metres. Ore and un-mineralized mine rock will initially only be trucked out of the mine, with shaft hoisting being utilized to bring ore to surface from year 4 onwards. A mix of fully electric and diesel mining equipment will be utilized to reduce ventilation requirements through the mine life.

The ventilation network will require a combination of 3.7 meter and 2.4 meter diameter raises, as well as the ramp to distribute fresh air. The tight-lined ventilation partition of the shaft will be utilized as an exhaust path for the ventilation network. Mine air heaters will be installed at both fresh air intakes.

Dewatering of the current workings will be done with a network of pumps utilizing the PureGold Mine shaft. As of the date of this AIF the mine is currently dewatered to approximately 240 m below surface.

The mine production and development schedule is shown in Table 1-3.

Table 1-3: Mine Production and Development Schedule

Parameter	Unit	Totals	Year													
			-1	1	2	3	4	5	6	7	8	9	10	11	12	13
Ore Mined	kt	3,512	13	265	293	293	290	293	293	293	293	293	293	293	266	43
Mining Rate	t/d		88	726	802	802	793	802	802	802	802	802	802	802	728	476
Ore Feed	kt	3,512	-	278	293	293	290	293	293	293	293	293	293	293	268	43
Mill Rate	t/d			748	802	802	802	802	802	802	802	802	802	802	733	476
Au Feed Grade	g/t	9.0	-	7.0	8.5	10.5	8.2	13.7	13.2	10.7	8.6	7.5	6.8	6.4	6.7	6.3
Milled Au	koz	1,012	-	62	80	99	77	129	124	100	81	71	64	60	57	9
Ore - LH	kt	862	13	156	134	133	71	56	76	59	24	23	39	24	53	1
Ore - CCF	kt	2,078	-	71	135	106	206	169	171	174	181	197	223	231	186	28
Ore - MCF	kt	564	-	38	24	53	12	67	46	60	88	71	30	36	26	14
Ore - Access Dev	kt	7	-	-	-	1	-	2	2	-	1	1	-	-	-	-
Lateral Capital Dev	km	60.9	2.7	8.3	7.5	7.8	7.6	9.4	8.0	1.8	1.3	1.4	1.8	1.9	1.1	0.1
Lateral Un-mineralized Dev	km	28.6	-	0.9	1.3	1.7	1.0	3.3	3.7	2.5	2.9	3.1	2.3	2.9	2.0	0.8
Lateral Slashing	km	12.6	0.8	2.8	3.3	3.2	1.7	0.8	0.1	-	-	-	-	-	-	-
Vertical Un-mineralized Dev	km	2.1	-	0.3	0.3	0.5	0.2	0.5	0.2	-	-	-	-	-	-	-
Vertical Stope Dev	km	23.4	-	1.8	1.8	1.7	2.4	1.6	1.9	2.2	2.1	2.6	2.0	2.4	1.1	-
Hydraulic Fill Placed	k m^3	951	-	34	60	50	68	77	69	85	105	105	99	104	80	14
Rock Fill Placed	k m^3	438	-	68	52	56	28	34	49	35	22	21	23	20	27	4

Note: Dev=Development

Source: JDS (2019)

1.9 Recovery Methods

The FS envisioned a processing plant with a capacity of 800 t/d consisting of the following unit operations:

- Single stage crusher (new);
- 600 tonne storage bin and reclaim system (new);
- SAG Mill (existing) and Ball Mill (new);
- Gravity separation and intensive leach system (new);
- Pre-leach thickening to 50% solids;
- 2 hour pre-oxidation (new), 24 hour leach and 5 hour Carbon in Pulp;
- 1 tonne carbon plant (existing) and gold recovery in a refinery (new);
- Cyanide destruction (new) utilizing 2 tanks (1 standby); and
- Tailings pumping to the tailings facility and/or to the underground as hydraulic backfill.

The leach circuit will have a retention time of 24 hours and sodium cyanide (NaCN) consumption is expected to be in the range of 0.3 kg/t to 0.4 kg/t to maintain a cyanide concentration of 500 ppm. Cyanide will be destroyed using the SO2/Air process. The slurry will be agitated in one of two tanks for 1 hour using copper sulphate (CuSO4) as a catalyst, maintaining a 30 mg/L concentration in solution and sodium metabisulphite (SMBS) solution will be dosed into the system as the source of SO2.

The grinding circuit target size is approximately P80 of 75 µm. The crushing circuit will operate at an availability of 50% while the milling, leaching and gold recovery circuits will operate 24 hours per day, 365 d/y at an availability of 95% processing 800 t/d.

1.10 Project Infrastructure

The following infrastructure items will be installed to support the Project:

- High voltage (HV) electrical substation, upgraded electrical site distribution network, and diesel emergency power generators;
- Primary crusher, discharge conveyor, and crushed ore bin;
- Process plant improvements with new equipment and refurbishment;
- Replacement assay laboratory;
- Additional buildings for offices, mine dry and warehousing;
- Backfill plant for underground hydraulic backfill;

- Tailings management facility upgrading;
- Mine rock management facility;
- Overburden and soil stockpiles for reclamation; and
- Water treatment plant (WTP).

The project site as an existing mine site, is already developed and has site infrastructure and existing facilities that will be utilized for the project. The site is accessible by paved highway from Red Lake, ON, and is connected to the electrical grid and municipal water and sewage systems, which will serve the project throughout operations.

During pre-production and into year one of operations a temporary mine rock facility will be used to stockpile material for processing.

Excess un-mineralized mine rock from the mining activities will be stored in the mine rock management facility (MRMF) and the tailings management facility (TMF). The TMF will be an upgrade of the existing tailings management facility. All of the disturbed areas on site will drain to the TMF catchment, minimizing the need for surface water management controls for the project site. The existing polishing pond will be used throughout the operation life to collect and reclaim water from the TMF, and all disturbed area drainage.

A WTP facility will be constructed next to the polishing pond. It will be designed and constructed to ensure the release of all water is within the effluent limits and requirements of the applicable project permits and regulations.

1.11 Environment and Permitting

Pure Gold has prepared an updated Project Definition (January 2019) based on the Feasibility Study. The Project as described in the Project Definition will not be classed as a designated project under the Canadian Environmental Assessment (CEA) Act (2012) as the thresholds defined are not triggered. Pure Gold has prepared a screening document (February 2019) for submission to the Canadian Environmental Assessment Agency to confirm that this is not a designated project.[2]

The Ontario Ministry of Environment, Conservation, and Parks ("**MECP**") has indicated that there will be no requirement for the submission of a Provincial Environmental Assessment based on the presentation of the March 2017 Project Definition and the materials presented in December 2018 for the new Industrial Sewage Permit. It is however anticipated that the PureGold Mine Project will require approvals from the MECP, the Ontario Ministry of Energy, Northern Development, and Mines (ENDM), the Ontario Ministry of Natural Resources and Forestry (MNRF), the Ontario Ministry of Labour (MoL) and the Ontario Energy Board including: Environmental Compliance Approval (ECA) Industrial Sewage Works Permit; ECA for Air and Noise; Permit to Mine and a Mine Closure Plan update amongst others.

[2] Subsequent to the Technical Report, PureGold prepared an updated Project Definition (June 2019) based on the Feasibility Study. PureGold received a letter from the Canadian Environmental Assessment Agency, confirming that the project as described in the June 2019 Project Definition will not be classed as a designated project under the *Canadian Environmental Assessment* (CEA) Act (2012) as the thresholds defined are not triggered.

1.11.1 Consultation and Engagement

PureGold has committed to engagement and consultation with local First Nations, Metis Nation of Ontario, provincial and federal governments, the public, and stakeholders throughout all stages of Project planning, regulatory review, and construction. The intent is to provide all interested parties with opportunities to learn about the Project, identify issues, and provide input with the goal of positively enhancing Project planning and development.

The Project property is located within the boundaries of Treaty #3 (1873 and adhesions). Lac Seul First Nation and Wabauskang First Nation have identified the Project area as lying within their communities' traditional territory. ENDM will undertake and fulfill the Crown's Duty to Consult. Currently, the primary role of PureGold with First Nations is to ensure that appropriate information sharing occurs. PureGold maintains contact and dialogue with the Treaty 3 First Nations of: Wabauskang First Nation; Lac Seul First Nation; Wabaseemoong First Nation; Grassy Narrows First Nation; and Naotkamegwanning First Nation. This information is also shared with the Métis Nation of Ontario. PureGold has reached terms and expects to finalize a Project Benefit Agreement with Wabauskang and Lac Seul First Nations in 2019.

PureGold has had ongoing communication with Red Lake Municipality, community and local business community who have an interest in the Project. PureGold's plan to reopen the PureGold Mine is largely seen as a benefit to the local community, which has suffered economically from the decline in mining over recent years. Regulators from, the Canadian Environmental Assessment Agency (CEAA), MECP, MoL, ENDM, MNRF and Red Lake Municipality have been involved with PureGold at the mine or in evaluation of proposed reopening activities at the mine.

1.11.2 Mine Reopening from Temporary Suspension

For reopening of the mine, as defined in the Feasibility Study and Project Definition, PureGold intends to establish an upgraded tailings management facility, a mine rock management facility, overburden and soil stockpiles, and an improved road haulage network, as well as a refurbishment of the existing processing plant. Cyanide detoxification (destruction) and a water treatment facility will be added. Based on the recent independent noise and air quality baseline study and modelling, noise and dust management features have been designed that are anticipated to eliminate any effect to local communities. All new features have been designed to occur within the existing catchment, so no new impacts are expected.

PureGold has expended considerable effort, at their own cost, to clear legacy waste, monitor for new impacts, and reclaim the surface as well as manage both public and mine-related activities at the site. This expenditure has contributed to a much safer and better working environment and is expected to reduce closure costs at the end of mine life.

In order to manage the water that is utilized as a result of mine operation, PureGold will implement several management measures to safe guard water quality downstream of the TMF, including: recirculation and reuse of tailings system water; cyanide destruction technology; a water treatment plant to clean water to be released from the TMF; pump back, if required, of any seepage from the TMF, facilitating the Red Lake Municipality to eliminate Madsen community sewage inputs to the TMF; and progressive closure of the tailings pond to reduce water flows and the remobilization of arsenic and to dry out the upper portions of the TMF that could contribute to seepage.

1.11.3 Mine Closure Plan

With the acquisition of PureGold Mine, PureGold inherited a mining legacy site with a history of almost a century of exploration and mining, and a closure program that was designed by previous operators. The closure plan was updated, and additional funding was provided by PureGold in 2014. Reopening of the mine will require an update of the closure plan and closure bond reassessment. These actions will facilitate final closure by allowing PureGold to fund further progressive reclamation of the Project site.

1.12 Operating and Capital Cost Estimates

1.12.1 Capital Cost Estimate

Life-of-mine (LOM) project capital costs are estimated to total $327 M, consisting of the following distinct phases:

- Pre-production Capital Costs – includes all costs to develop the property to an average of 800 t/d underground production rate. Initial capital costs total $95 M (including $8 M contingency), which will be expended over a 15 month pre-production design, construction and commissioning period;

- Sustaining Capital Costs – includes all costs related to the acquisition, replacement, or major overhaul of assets during the mine life required to sustain operations. Sustaining capital costs are estimated to be $220 M (including $2 M contingency). Sustaining costs are expended in operating Years 1 through 13; and

- Closure Costs – includes all costs related to the closure, reclamation, and salvage value, post operations. Closure costs total $12 M after salvage credits. Closure costs are primarily incurred in Year 14, with costs extending into Year 15.

All capital estimation for the PureGold Mine project has been completed to an accuracy range of -15%/+15% which represents an Association for the Advancement of Cost Engineering (AACE) Class 3 estimate.

The capital cost estimate (CAPEX) is summarized in Table 1-4.

Table 1-4: Summary of Capital Cost Estimate

Capital Costs	Pre-Production (M$)	Sustaining / Closure (M$)	Total (M$)
Mining	31.2	209.2	240.4
Site Development	0.8	-	0.8
Mineral Processing	17.4	-	17.4
Tailings Management	4.3	7.9	12.1
Site Services	17.5	0.5	18.0
Project Indirects	6.1	-	6.1
EPCM	7.0	-	7.0
Owner's Costs	2.6	-	2.6
Subtotal	87.0	217.6	304.5
Contingency	8.1	2.1	10.2
Closure	-	16.8	16.8
Salvage	-	-4.2	-4.2
Total Capital Costs	95.1	232.2	327.3

Source: JDS (2019)

1.12.2 Operating Cost Estimate

The operating cost estimate (OPEX) in this study includes the costs to mine, process ore to produce doré, and general and administrative expenses (G&A). These items total the operating costs and are summarized in Table 1-5. The total operating unit cost is estimated to be $223/t processed.

The target accuracy of the operating cost is -10%/+15%. No allowance for inflation or contingency has been applied to operating costs.

Table 1-5: Summary of Operating Cost Estimate

Operating Costs	$/t milled	LOM ($M)
Mining	168.80	592.8
Processing	32.30	113.3
G&A	21.80	76.7
Total	222.90	782.9

Source: JDS (2019)

The main OPEX assumptions are outlined in Table 1-6.

Table 1-6: Main OPEX Component Assumptions

Item	Unit	Value
Electrical power cost	$/kWh	0.100
Total operating load	MW	6.55
Demand load (all facilities in year 5)	kWh/t processed	9.87
Diesel cost (delivered)	$/litre	1.072
LOM average workforce (including contractors, excluding corporate)	employees	400

Source: JDS (2019)

1.13 Economic Analysis

1.13.1 Main Assumptions

An economic model was developed to estimate annual cash flows and sensitivities of the PureGold Mine Project. All costs, metal prices, and economic results are reported in Canadian currency ($CDN) unless stated otherwise.

Pre-tax estimates of Project values were prepared for comparative purposes, while after-tax estimates were developed to approximate the true investment value. It must be noted, however, that tax estimates involve many complex variables that can only be accurately calculated during operations and, as such, the after-tax results are only approximations.

This Technical Report contains forward-looking information regarding projected mine production rates, construction schedules, and forecasts of resulting cash flows as part of this study. The mill head grades are based on sampling that is reasonably expected to be representative of the realized grades from actual mining operations. Factors such as the ability to obtain updated permits to construct and operate the mine, to obtain major equipment or skilled labour on a timely basis, or to achieve the assumed mine production rates at the assumed grades may cause actual results to differ materially from those presented in this economic analysis.

The reader is cautioned that the gold prices and exchange rates used in this study are only estimates based on recent historical performance and there is absolutely no guarantee that they will be realized if the Project is taken into production. The price of gold is based on many complex factors and there are no reliable methods of predicting the long-term gold price.

Table 1-7 outlines the LOM summary and the basis for the economic analysis while Table 1-8 highlights the economic assumptions.

Table 1-7: LOM Summary

Parameter	Unit	Value
Ore Processed	Mt	3.51
Mill Average Daily Production	kt	0.8
Mill Average Annual Production	Mt	0.29
Average Gold Mill Grade	g/t	8.97
Gold Contained	koz	1,013
Gold Recovered	koz	970
Gold Recovery	%	95.8
Average Gold Production	koz/year	79
Initial Capital Cost	$M	95
Sustaining Capital Cost	$M	232
Life of Mine Capital	$M	327

Source: JDS (2019)

Table 1-8: Economic Assumptions

Off-site Costs and Payables	Item	Unit	Value
Payables for Doré	Gold	%	99.97
Doré Refining Costs	Gold	US$/payable oz	0.38
Transportation Costs		US$/payable Au oz	1.35
Royalties		% NSR	-

Source: JDS (2019)

Table 1-9 outlines the metal prices and exchange rates used in the economic analysis.

Table 1-9: Net Smelter Return Assumptions

Assumptions	Unit	Value
Au Price	US$/oz	1,275
FX Rate	US$:C$	0.75

Source: JDS (2019)

Results

The economic results for the Project, based on the assumptions outlined above are presented in Table 1-10.

Table 1-10: Economic Results

Parameter	Unit	Pre-Tax Results	After-Tax Results
NPV0%	$M	536	383
NPV5%	$M	353	247
IRR	%	42.9	35.9
Payback Period	Production years	3.0	3.4

Source: JDS (2019)

1.13.2 Sensitivities

A simple sensitivity analysis was performed to determine which factors most affect the Project economics and is discussed in Section 23. Each variable evaluated was tested using the same sensitivity values, although some may be more likely to experience significantly more fluctuation in value over the LOM (i.e. CAPEX versus metal prices). The confidence attributed to each variable in this study does not factor into the sensitivity analysis, the inter-correlation between certain variables, and for this reason is considered a simplistic approach to determine which variable would most affect the economic results of the Project.

Sensitivity analyses were performed on metal prices, mill head grade, CAPEX, and OPEX as variables. The value of each variable was changed plus and minus 15% independently while all other variables were held constant. The Project shows the most sensitivity to metal price and head grades. The results of the sensitivity analyses are shown in Table 1-11.

Table 1-11: Sensitivities Analyses

Variable	After-Tax NPV5% (M$)			Pre-Tax NPV5% (M$)		
	-15% Variance	0% Variance	15% Variance	-15% Variance	0% Variance	15% Variance
Metal Price	125	247	368	177	353	529
Mill Head Grade	125	247	368	177	353	529
OPEX	304	247	190	436	353	271
CAPEX	287	247	207	394	353	313

Source: JDS (2019)

1.14 Conclusions

Results of this Feasibility Study demonstrate that the PureGold Mine Project warrants development due to its positive and robust economics.

It's the conclusion of the QPs that the Feasibility Study (FS) summarized in this technical report contains adequate detail and information to support a Feasibility Study analysis. Standard industry practices, equipment and design methods were used in this FS and, except for those outlined in this section, the report's authors are unaware of any unusual or significant risks, or uncertainties that would affect project reliability or confidence based on the data and information made available.

Risk is present in any development project. Feasibility engineering formulates design and engineering solutions to reduce risk common to every mining project, such as resource uncertainty, mining recovery and dilution control, metallurgical recoveries, political risks, environmental and social risks, and labour sourcing. Associated project risks are deemed manageable; and identified opportunities can provide enhanced economic value.

The recommended development path is to continue efforts in obtaining the required environmental permit updates to start construction and to continue dewatering the underground workings in advance of mine development, while concurrently advancing key activities that will reduce and de-risk the project execution schedule.

1.14.1 Risks

The most significant risks are summarized below:

- Surface Geotechnical Conditions - There is a potential for additional foundation improvement measures to be required at the Tailings Pond Dams to meet stability Factors of Safety. There is a potential for additional overburden excavation at the critical stability footprint area of the MRMF which could lead to additional associated costs. This risk can be managed by completing additional geotechnical investigations and studies on those areas identified in the FS ahead of developing these areas.

- Underground Geotechnical Conditions – Less favorable ground conditions than modelled may be encountered in the 8 Zone. Squeezing or closure around drifts may be more dramatic or frequent than anticipated requiring slower mining rates and increased ground support and maintenance requirements. The risk can be managed by additional geotechnical drilling and laboratory testing. It is recommended that this study be carried out as soon as possible within the 8 Zone hanging wall and mineralized zone.

- Electrical Load & Supply Availability - Adequate electricity supply from Hydro One is a concern in Northwestern Ontario and while the recent capacity study completed by Hydro One shows adequate power will be available, the initial capacity of 7 MW is very close to the estimated operating demand load. The completion of the upgrade of the Pickle Lake section of transmission line by 2022, and additional power capacity required for the hoisting remains an area of uncertainty for the PureGold Mine Project. The risk will be managed by additional power supply from generators to mitigate any potential power shortages but could come with some additional operating cost.

- Shaft Conditions - Conditions in the shaft could be more deficient than anticipated which could increase rehabilitation costs and/or delay getting the shaft operational. Delay in shaft hoisting would be mitigated by increased truck haulage albeit at a higher operating cost. An increased dewatering rate would allow additional time for assessment and mitigation / rehabilitation.

- Historical Backfill Failure - Saturated backfill from mined stopes could become unstable and fail. Backfill failures pose a health and safety risk, could increase operating costs to clean-up and cause mine schedule delays. The risk can be managed by increased dewatering ahead of when existing levels are required to allow old stopes to decant and assessments with drones and/or probe holes from safe areas well in advance of accessing or mining activities.

- Ore Body Complexity - The complexity of the ore body could potentially lead to increased mining dilution. Grade control and proper mining execution will maintain minimal unplanned dilution, which would minimize potential impacts on grade, throughput, and operating costs. Definition drilling in advance of mining to assist stope design, particularly in long hole stopes will mitigate the risk.

1.14.2 Opportunities

The most significant opportunities are summarized below:

- Underground Water Management - Flows from the PureGold Mine are currently being managed in the TMF all year round, with an assumption that winter discharge is not possible. This results in an accumulation of water in the TMF, during winter months. A WTP with a large design treatment rate is therefore required to manage the surplus water in the TMF. Managing the PureGold Mine underground dewatering flows outside the TMF would considerably reduce the surplus volumes of water to be treated and reduce the design treatment rate of the WTP. This would lead to significant savings in Project Capital Costs. Additional water quality studies are ongoing to investigate the possibility of releasing the underground flows bypassing the TMF and WTP.

- Power Unit Cost – Comparable Hydro One customers in the region have been able to achieve significant reductions in their electricity costs by closely managing their electrical load through applying for Northern Industrial Rebate Program (NIER), reduction in Global Adjustment (GA) Payments and Shifting Peak Demand to Off-Peak Hours. These three mechanisms could reduce the unit power rate and ultimately operating costs.

- Mined Stope Buffer Zones- Known high grade mineralization has been modelled within the 5 m buffer zones around mined stopes. This mineralization has been removed from the Mineral resource. Further drilling and geotechnical study could potentially lead to some of this material being reclassified as Mineral Resources and if proven economic as Mineral Reserve.

- Resource Conversion & Expansion - Through additional exploration drilling, there is potential opportunity to convert Inferred Resources to Indicated Resources and to discover additional mineralized zones. If successful, this could increase production rates or extend mine life. There is no certainty that all or any part of the Inferred Resources will be converted to Indicated Mineral Resources or converted into Mineral Reserves.

- Ore Sorting - The deposit may be amenable to ore sorting. If successful, ore sorting would remove external and planned dilution increasing the grade to the process plant. Further physical properties study is required.

1.15 Recommendations

Based on the Feasibility Study results, it's recommended to advance the Project to construction and development, and then production. The recommended development path is to continue efforts in obtaining the required environmental permits to start construction and continue dewatering the underground workings in advance of mine development, while concurrently advancing key activities that will reduce and de-risk the project execution schedule. Associated project risks are deemed manageable; and identified opportunities can provide enhanced economic value.

The project exhibits robust economics with the assumed gold price, currency exchange rates, and consumables pricing. Value engineering and recommended fieldwork should be advanced in conjunction with preparation of permit amendments / applications to de-risk the construction schedule and minimize costs.

From the identified project risks and opportunities, the following activities are noted as critical actions that have the potential to strengthen the project and further reduce risk:

- Complete additional diamond drilling to potentially convert Inferred Mineral Resources into Indicated Resources, and potentially Reserves;

- Continue underground dewatering;

- Confirm TMF and MRMF foundation design parameters with additional site investigation, complete TMF foundation assessment and optimize the water balance and water management strategy;

- Develop a full closure plan for the project based on the final design configurations;

- Conduct initial physical properties test work and assess the viability of employing ore sorting technology as a method of rejecting low grade plant feed and increasing head grade in the process plant; and

- Investigate potential for purchasing used equipment to reduce project capital costs.

PureGold Mine Project Development and Exploration Activities Subsequent to the Effective Date of the Technical Report

With financing for construction of the PureGold Mine Project obtained in August 2019, the Board of directors approved a "decision to construct" which kicked off various development activities at the PureGold Mine Project site.

In September 2019, the Corporation awarded the surface E/P contract to JDS in partnership with Hatch and Knight Piesold. Additionally, the Corporation awarded the underground mine design engineering contract to Dumas.

Detailed basic engineering and design work on surface infrastructure, as well as underground electrical distribution, mine ventilation, mine service design and stope optimization and mine dewatering was initiated. In addition, the E/P contractors began equipment sourcing and the procurement of long lead time items.

In December 2019, the basic detailed engineering phase of the project was completed, and JDS presented an updated capital budget ("**Definitive Budget**") and PureGold Mine Project schedule to the Corporation. Given the financial flexibility provided by the Project Financing, the Corporation has been able to capitalize on opportunities to reduce start-up and operational risk and improve project performance and economics. For example, rather than leasing underground mining equipment for the first two years of production the Corporation has purchased the mining fleet, thus lowering the overall operating costs during initial development and production. This added $11.5 million to upfront capital costs relative to the Feasibility Study but was economically prudent.

Other key opportunities for infrastructure improvement were captured in the process plant, where taking previously assumed refurbishment risk was considered unnecessary. The Corporation has elected to replace certain components in order to maximize mill availability at start-up. As a result, the Definitive Budget now totals $127.1 million. In addition to the above, the Municipality of Red Lake (the "**Municipality**") were notified by the MECP, that the current practice of discharging municipal sewage into the existing tailings facility would need to be addressed. Accordingly, $2.5 million has been budgeted to assist the Municipality with the study and construction of an engineered solution to address this issue.

Surface construction and underground development ramped up in 2020 following the Definitive Budget process and JDS was awarded the EPCM contract.

In January 2020, the World began to learn of the COVID-19 pandemic and the Corporation began assessing implications of the pandemic to the overall timeline and cost of the build. The longest lead item of the surface construction was the Ball Mill and this had been awarded to a Chinese manufacturer. Within months of the Ball Mill contract being awarded, we were notified that the Ball Mill would be delayed by up to six weeks. The Corporation was forced to revise its schedule because of the delay with the forecasted costs increasing to $141.3 million, primarily as a result of the delay.

Construction and underground development continued throughout 2020 and the Corporation set a target for first ore to the Mill by the end of the fourth quarter of 2020.

Final permits, including acceptance of the Corporation's Closure Plan Amendment, were received December 20, 2020 and with surface construction substantially completed, the Corporation began to introduce first ore to the Mill at that time and pour its first doré bar from the gravity circuit of approximately 148 gold equivalent ounces, on December 28, 2020. First ore originated from the stockpiled ore from the bulk sample program completed in 2018.

Although first gold was planned for and achieved by late December, a number of non-critical subsystems were scheduled for completion in early 2021, including the hydraulic backfill plant, HVAC systems, the Water Treatment Plant, and the Sewage Treatment Plant. These are projected to be completed between January and April 2021 at a cost of approximately $1.0 million.

During 2020, while surface construction was underway, the Corporation ramped up its underground development activities. A revised mine plan was adopted during 2020, which called for the addition of a second portal (the "**East Portal**") which commenced once final permits were received. The introduction of a second portal has a number of benefits, including providing for a secondary means of egress from the PureGold Mine, eliminating significant slashing on 2 Level and a vent raise, while providing for greater flexibility and efficiency in the overall mine plan, with no significant increase in costs.

During 2020, the Corporation completed 4,068 metres of development including 1,095 metres in the main West Portal ramp, 654 metres of Longhole sill development and 2,320 metres of general underground development. Underground de-watering commenced and continued throughout the year.

The Corporation declared commercial production at the Pure Gold Mine on August 1, 2021. Gold production during 2021 has not met expectations. During the 2021, the Corporation produced an estimated total of 26,899 gold ounces (including estimated gold in circuit) compared to 64,623 gold ounces per the Feasibility Study, a reduction of 37,724 gold ounces. This shortfall has dramatically affected the Corporation's positive cash flows and cash resources and required the Corporation to seek additional capital resulting in the Amendment.

The main operating units in the mill and process facility are performing as expected. Upgrades are planned for the gravity circuit which are expected to increase gravity recovery by 10-15% and overall gold recoveries by 1-2% to 96-97% from 95%. These upgrades are also expected to reduce operating costs by reducing cyanide dosages (consumption) in leaching, carbon in carbon-in-pulp (CIP), and metabisulfite/copper sulfate in the detox circuit.

Several key upgrades were completed at the milling facilities during 2021 including the installation of interstage screens on each of the six CIP tanks, installation of a trommel screen on the SAG mill discharge, and several pump upgrades. The mill has demonstrated capability of operating consistently and reliably at and above its design capacity of 800 tpd.

Significant progress was made in 2021 on permit amendments to increase annual ore production limits from 292,000 tonnes (800 tpd) to 360,000 tonnes (1,000 tpd) , and final approval of the amendment is on track to be received well in advance of the current limit becoming a constraint on production.

Mined tonnes and gold grades have, on average, been lower than expected throughout

2021 due to shortages of high-grade ore at various times. High-grade ore shortages led to blending of low-grade material and stockpiles which reduced the overall feed grade to the mill. These shortages were caused by a combination of factors including development delays, insufficient scheduling flexibility, insufficient geologic information available for stopes prior to mining, equipment downtime, and strategic misalignments.

Significant changes to mine planning and scheduling were implemented during the fourth quarter of 2021 to establish and maintain access to enough high-confidence, high-grade stopes to feed the mill, with early signs of positive progress evident in December's operating results. These changes include reorganization of information and workflow structures, resulting in enhanced accountability and reduced assay turnaround times. Additionally, definition drilling activity was expanded to provide mine planners with better information in a timely manner leading to improved stope designs and enhanced scheduling flexibility. Finally, a geologic confidence-based model was implemented to standardize decision making and improve mine scheduling and planning. Together, these changes are expected to drive sustainable increases in both ore throughput and head grade, though will require more time to fully implement

Exploration activities

Since the effective date of the Technical Report of February 5, 2019, the Corporation has completed 148,067 metres of exploration drilling consisting of 55,883 metres in 734 core holes from underground and 92,184 metres in 454 core holes from surface.

The surface drilling program was completed over several prospects on the PureGold Mine property as follows:

Madsen Surface

Exploration of the Madsen deposit at the PureGold Mine focussed on extension drilling on the limits of the main orebody at the northeast extent of the Austin domain and southwest extent of the McVeigh domain and on infill in planned mining areas. 286 holes for 31,306 metres were drilled from surface to test these zones. Results were generally successful in defining the limits of the planned stopes and in providing some extension potential. Highlight intercepts included[3]:

Drillhole	*From (m)*	*To (m)*	*Core Length (m)*	*Gold Value (g/t)*
PG19-708	*77.5*	*78.5*	*1.0*	*24.9*
PG19-710	*81.3*	*83.5*	*2.2*	*34.1*
PG19-715	*72.9*	*76.9*	*4.0*	*5.1*
PG19-735	*88.7*	*93.7*	*5.0*	*16.4*

PG19-736	*42.4*	*44.5*	*2.1*	*9.7*
PG21-849	*85.8*	*88.3*	*2.5*	*9.0*
PG21-851	*81.4*	*83.4*	*2.0*	*16.6*
PG21-865	*72.1*	*73.3*	*1.2*	*20.6*
PG21-873	*97.3*	*100.0*	*2.7*	*11.7*
PG21-876	*181.9*	*183.9*	*2.0*	*11.3*
PG21-878	*176.0*	*181.0*	*5.0*	*7.2*
PG21-884	*69.5*	*77.5*	*8.0*	*4.5*
PG21-886	*51.5*	*59.0*	*7.5*	*3.9*
PG21-898	*88.0*	*90.7*	*2.7*	*18.7*
PG21-934	*105.5*	*114.5*	*9.0*	*4.3*
PG21-938	*129.0*	*132.0*	*3.0*	*10.6*
PG21-957	*80.0*	*85.0*	*5.0*	*4.2*
PG21-963	*103.0*	*106.8*	*3.8*	*9.3*
PG21-973	*73.0*	*76.0*	*3.0*	*14.4*
PG21-973	*97.4*	*99.0*	*1.6*	*16.3*
PG22-1021	*74.5*	*77.0*	*2.5*	*8.4*

PG22-1027	*68.0*	*75.0*	*7.0*	*10.3*
PG22-1030	*72.0*	*74.0*	*2.0*	*11.2*
PG22-1039	*34.0*	*38.0*	*4.0*	*9.5*
PG22-1069	*85.3*	*88.3*	*3.0*	*9.1*
PG22-1074	*83.3*	*87.0*	*3.8*	*5.4*

[4] See the Corporation's press releases dated January 28, 2020 (Pure Gold Drilling Intersects High-Grade Gold Including 33.1 g/t Gold Over 3.4 Meters: Gold intercepts target expansion of orebody close to 2020 mine development) and January 18, 2022 (PureGold definition drilling confirms high grades in upcoming stopes).

8 Zone

The 8 Zone is the highest grade gold zone discovered to date on the property, with an indicated resource grading 20.5 g/t gold (458,000 tonnes containing 301,000 ounces), and an inferred resource grading 12.4 g/t gold (202,000 tonnes containing 80,000 ounces). Characterized by a mafic-ultramafic rock association, blue-grey quartz veins and numerous high grade drill intercepts, the 8 Zone is geologically analogous to the High Grade Zone at Evolution's Red Lake Mine, and remains open for expansion. The 8 Zone domain of the Madsen orebody lies at depth, 1000 metres below surface once ramp development has advanced sufficiently, will target the 8-Zone from underground later in 2022.

Gap

On October 9, 2019, PureGold announced the results of its first drill hole testing an expansive gap between the high grade 8 Zone ore domain and its up-dip continuation at the Russet South deposit. This drill hole PG19-667 returned a 10 metre gold-bearing zone approximately 750 metres up-dip of the 8 Zone ore domain[4]. Follow-up drilling of PG19-689, which targeted the same gap, approximately 100 metres up dip of PG19-667 returned a 51 metre wide gold bearing zone (1.0 g/t gold over 51.0 metres), with abundant blue-grey quartz veins and including 9.9 g/t gold over 0.9 metres.[5] These intercepts and supporting alteration and veining in nearby drill holes provide demonstrated potential of the strength of the gold mineralized alteration system and highlight the tremendous prospectivity of this important high-grade target. 2D Seismic work completed over the target in late 2020 provided further refinement of the target model and additional drill testing during winter-spring 2021 intersected the target structures and quartz veins and visible gold. Assays did not return ore grades, additional work is recommended.

Derlak

[4] See the Corporation's press release dated October 9, 2019 (New Gold-Bearing Intercepts Open Up Exciting Target Area at Pure Gold's Madsen Complex – Drilling Program Expanded to 20,000 Metres).

[5] See the Corporation's press release dated December 16, 2019 (Pure Gold Drilling Intersects High Grade Gold Mineralization at 8 Zone Gap and Wedge: Grants incentive stock options).

Two targets on the Derlak property acquired in 2017 were explored by drilling in 2020 and the first quarter of 2021. Drilling of 10 shallow holes totalling 2003 metres was completed at a near surface altered structure identified by geological mapping in 2019 and supported by anomalous gold values in historical drilling. Highly altered rocks with quartz veining and anomalous gold values were intersected by the drilling. Further work is required to delineate this large target area.

A deeper large-scale target at Derlak developed from integrated interpretation of re-logging of nearby historical drill holes including AD-11-01 which intersected Madsen deposit style gold mineralization at 2.1 kilometres vertical depth, returning 14.3 g/t gold over 2.0 metres and the 2D seismic data was tested by drilling in late 2020 and into early 2021[6]. This target lies along strike and down-plunge of the main mine sequence. 5 holes were drilled to test this target, two of these holes reached target depth and both returned significant mine-style alteration and quartz porphyry over approximately 90 metres true thickness. Both intersected sub-economic gold values which paired with the strong alteration are indicative of gold proximal alteration. Further drilling in 2022 is planned.

Fork

Potential extensions of the Fork deposit were tested by 7 drillholes totalling 4586 metres during late 2019. The gold mineralized structure was intersected in all but one hole, however gold values returned were sub-economic.

Wedge

Exploration drilling of 88 holes for 28,733 metres at the Wedge deposit focussed on resource growth and also targeted inferred category resources to advance the resource. Highlight intercepts included:

- 108.5 g/t gold over 1.0 metre from drill hole PG19-643;
- 94.6 g/t gold over 1.0 metre from drill hole PG19-654;
- 11.7 g/t gold over 1.0 metre from drillhole PG19-661;
- 5.1 g/t gold over 7.0 metres from drillhole PG19-664;
- 24.4 g/t gold over 1.0 metres from drill hole PG19-677;
- 167.0 g/t gold over 1.1 metres from drill hole PG19-693;
- 51.5 g/t gold over 1.5 metres from drill hole PG19-713;
- 66.3 g/t gold over 1.0 metre from drill hole PG20-769;
- 24.3 g/t gold over 1.0 metre from drill hole PG20-775;
- 16.6 g/t gold over 5.0 metres from drill hole PG20-817.[7]

An updated resource estimate for Wedge is expected to be included in the next project resource update in 2022.

Russet South

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[6] See the Corporation's press release dated December 7, 2020 (Underground Drilling Intersects 23.4 G/T Gold over 2.9 Metres, Including 50.1 G/T Gold over 1.0 Metre at the PureGold Mine).

[7] See the Corporation's press releases dated August 14, 2019 (Pure Gold Report Second Quarter Financial Results), November 14, 2019 (Pure Gold Report Third Quarter Financial Results), December 16, 2019 (Pure Gold Drilling Intersects High Grade Gold Mineralization at 8 Zone Gap and Wedge: Grants incentive stock options) and November 12, 2020 (Pure Gold Reports Third Quarter Financial Results).

Nine drill holes for 4,347 metres were drilled at the Russet South deposit in an effort to extend the resource domains into new target areas. The gold mineralized structure was intersected in all holes. Results included:

- 4.2 g/t gold over 2.3 metres from drill hole PG19-680;
- 4.3 g/t gold over 2.0 metres from drill hole PG 19-681; and
- 4.5 g/t gold over 2.0 metres from drill hole PG19-682.[8]

1 Vein

The historical (Madsen) 1 Vein was developed in 1936 with a shaft and 5 levels and following the discovery of the main Madsen deposit work was suspended. A decline was installed in 1974 to the two level, but no other work was recorded. Five short drill holes for 655 metres were completed at the 1 Vein target in summer 2020 to gain structural information on the vein system from oriented core. No significant assays were returned. Initial drilling results highlights from 2021 include: [11]

- 16.1 g/t gold over 2.0 metres from drill hole PG21-828 at the No. 1 Vein.

Roberts

The Roberts target is a two kilometre long deformation corridor hosting high grade gold mineralization in discrete quartz-sulphide veins. Nine short drill holes for 866 metres were completed at the Roberts target in 2020. Drill holes successfully intersected deformed quartz veining along the two kilometre structural corridor. Assay results were highly anomalous, but sub-economic. Further exploration is planned.

Treasure Box

Mineralization at the Treasure Box target is hosted in quartz-tourmaline-arsenopyrite veins along a one kilometer deformation corridor north of Russet Lake. Eight drillholes totalling 1946 metres length were completed in late 2020 to test the high grade vein system. Further exploration is planned. Drilling results highlights:[9]

- 9.9 g/t gold over 1.1 metres and 13.5 g/t gold over 1.1 metres from drill hole PG20-792; and
- 19.2 g/t gold over 1.1 metres from drill hole PG20-803 at Treasure Box;

Dev

The Dev target is an early-stage prospect with highly anomalous gold in soil values and a large quartz carbonate vein system with gold in rock at surface. Three holes were drilled at the Dev target in 2019 for 902 metres. The holes intersected low gold values in quartz-carbonate veining

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[8] See the Corporation's press release dated December 16, 2019 (Pure Gold Drilling Intersects High Grade Gold Mineralization at 8 Zone Gap and Wedge: Grants incentive stock options).

[9] See the Corporation's press release dated March 4, 2021 (Pure Gold Surface Exploration Drilling Intersects High Grade Gold at Three Targets Near PureGold Mine).

associated with the historical Redaurum Mine, which was under active exploration by Newmont, now Evolution. Further exploration is planned.

Geophysics

In the third quarter of 2020, a 2D seismic survey was completed on a longitudinal control line and two cross section lines over the Gap and Derlak targets by HiSeis pty of Perth, Australia. The survey was highly successful in imaging deep structures related to gold mineralization. Geological interpretation of the results has provided important targeting support for these two high priority growth targets. Based on the success of the Derlak target drilling a large 3D seismic survey in late 2022 is planned and gridline clearing in advance has been completed.

Madsen Underground

Underground infill delineation drilling and near stope exploration of the Madsen deposit at the PureGold Mine during the period since the technical report included 734 drillholes for 55,882 metres. Highlight intercepts include:

Drill Hole	*From (m)*	*To (m)*	*Core Length (m)*	*Gold Value (g/t)*
PGB-0165	*12.0*	*13.5*	*1.5*	*34.2*
PGB-0170	*18.8*	*21.0*	*2.2*	*40.0*
PGB-0178	*0.0*	*6.7*	*6.7*	*11.1*
PGB-0179	*0.0*	*2.9*	*2.9*	*7.3*
PGB-0194	*21.0*	*25.0*	*4.0*	*7.5*
PGB-0205	*19.0*	*21.0*	*2.0*	*7.2*
PGB-03-3880-01	*0.0*	*4.0*	*4.0*	*11.8*
PGB-03-3880-02	*13.0*	*16.7*	*3.7*	*13.6*
PGP-00004	*39.9*	*41.0*	*1.1*	*13.4*
PGP-00009	*53.0*	*57.3*	*4.3*	*14.2*
PGP-00010	*12.7*	*14.6*	*1.9*	*9.3*
PGP-00012	*18.5*	*22.2*	*3.6*	*16.7*
PGP-00017	*28.6*	*32.1*	*3.5*	*8.2*
PGP-00018	*30.6*	*39.0*	*8.4*	*6.4*

PGP-00019	30.0	35.6	5.6	15.1
PGP-00019	41.6	46.6	5.0	12.4
PGP-00021	30.7	32.3	1.6	10.4
PGP-00024	32.4	35.4	3.0	6.6
PGP-00064	57.6	59.0	1.4	8.5
PGP-00067	33.0	35.0	2.0	16.9
PGP-00070	43.0	46.9	3.9	18.2
PGP-00072	34.0	39.0	5.0	55.4
PGP-00074	64.4	69.4	5.0	8.2
PGP-00078	42.1	44.0	1.9	6.9
PGP-00080	36.1	40.8	4.7	7.9
PGP-00082	36.8	38.7	1.9	8.7
PGP-00086	51.5	64.8	13.2	14.5
PGP-00091	12.2	20.0	7.8	10.1
PGP-00092	10.0	12.1	2.1	6.4
PGP-00092	19.3	21.3	2.0	13.7
PGP-00093	13.0	15.2	2.2	9.2
PGP-00166	60.8	64.0	3.3	7.3
PGP-00168	51.5	53.0	1.5	39.0
PGP-00171	45.0	52.0	7.0	6.1
PGP-00172	29.0	32.0	3.0	6.9
PGP-00176	96.0	98.0	2.0	27.1
PGP-00184	41.7	45.0	3.3	11.2
PGP-02-3681-03	40.0	42.0	2.0	6.9
PGP-02-3681-17	63.5	67.0	3.5	6.1

PGP-02-3738-11	*26.0*	*27.8*	*1.8*	*28.9*
PGP-02-3738-11	*41.0*	*48.8*	*7.8*	*9.7*
PGP-02-3738-15	*48.0*	*50.0*	*2.0*	*14.1*
PGP-02-3738-17	*53.0*	*55.0*	*2.0*	*6.4*
PGP-02-5137-11	*32.0*	*36.5*	*4.5*	*21.2*
PGP-02-5137-23	*44.5*	*47.5*	*3.0*	*16.7*
PGP-02-5143-02	*25.1*	*27.8*	*2.7*	*17.4*
PGP-02-5143-07	*21.9*	*23.5*	*1.7*	*7.9*
PGP-02-5143-08	*46.0*	*50.0*	*4.0*	*14.9*
PGP-02-5143-10	*31.0*	*35.0*	*4.0*	*13.4*
PGP-02-5143-13	*23.0*	*29.6*	*6.6*	*7.3*
PGP-02-5164-03	*83.7*	*86.7*	*3.0*	*31.6*
PGP-02-5164-04	*80.5*	*82.5*	*2.0*	*13.8*
PGP-02-5164-07	*51.3*	*53.3*	*2.0*	*44.5*
PGP-02-5164-15	*24.0*	*26.0*	*2.0*	*8.3*
PGP-03-3845-02	*5.0*	*9.0*	*4.0*	*21.1*
PGP-03-3845-04	*5.0*	*8.0*	*3.0*	*7.9*

PGP-03-3845-07	*105.0*	*107.0*	*2.0*	*32.1*
PGP-03-3845-09	*17.0*	*20.0*	*3.0*	*6.2*
PGP-03-3845-12	*6.3*	*10.0*	*3.8*	*7.7*
PGP-03-3845-12	*33.5*	*40.0*	*6.5*	*12.2*
PGP-03-3874-07	*22.0*	*24.0*	*2.0*	*7.1*
PGP-03-3874-09	*19.2*	*20.9*	*1.7*	*10.1*
PGP-03-4016-05	*55.0*	*66.0*	*11.0*	*128.5*
PGP-03-4016-12	*49.0*	*54.0*	*5.0*	*14.4*
PGP-03-4016-12	*60.0*	*65.0*	*5.0*	*10.4*
PGP-03-4016-13	*77.0*	*78.5*	*1.5*	*9.7*
PGP-05-3855-08	*58.0*	*60.0*	*2.0*	*201.8*
PGP-07-4110-01	*12.0*	*14.0*	*2.0*	*9.8*
PGP-07-4110-06	*2.0*	*4.0*	*2.0*	*15.1*
PGP-07-4110-06	*15.0*	*19.0*	*4.0*	*22.8*
PGP-07-4188-04	*73.0*	*76.9*	*3.9*	*8.6*
PGP-07-4188-05	*53.5*	*55.0*	*1.5*	*27.4*
PGP-07-4188-06	*58.5*	*61.0*	*2.5*	*8.5*

PGP-07-4188-07	*59.0*	*61.0*	*2.0*	*12.0*
PGP-07-4188-08	*49.0*	*50.8*	*1.8*	*11.9*
PGP-07-4188-09	*50.5*	*57.0*	*6.5*	*22.6*
PGP-07-4188-10	*46.0*	*51.5*	*5.5*	*6.9*
PGP-07-4188-12	*51.0*	*57.0*	*6.0*	*6.5*
PGP-07-4188-14	*90.9*	*93.0*	*2.1*	*28.4*
PGP-07-4188-18	*154.0*	*161.8*	*7.8*	*13.1*
PGP-07-4188-19	*154.0*	*161.0*	*7.0*	*11.5*
PGP-08-4050-05	*74.0*	*78.0*	*4.0*	*24.7*
PGP-08-4050-05	*85.0*	*92.0*	*7.0*	*22.5*
PGP-08-4050-09	*71.0*	*73.0*	*2.0*	*32.4*
PGP-08-4050-09	*78.0*	*79.4*	*1.4*	*22.4*
PGP-08-4477-06	*38.0*	*44.7*	*6.7*	*19.7*
PGP-08-4477-13	*16.0*	*19.0*	*3.0*	*7.1*
PGP-08-4477-21	*35.3*	*37.3*	*2.0*	*6.1*
PGP-10-4429-06	*105.0*	*107.0*	*2.0*	*7.8*
PGP-10-4429-08	*93.5*	*94.5*	*1.1*	*16.0*

PGU-0117	39.7	43.2	3.5	11.3
PGU-0118	11.0	18.0	7.0	46.7
PGU-0119	47.0	48.2	1.2	8.5
PGU-0121	19.0	22.0	3.0	20.5
PGU-0123	25.0	27.4	2.4	9.3
PGU-0124	46.5	48.1	1.7	8.1
PGU-0124	79.0	81.0	2.0	10.6
PGU-0135	39.0	41.0	2.0	11.7
PGU-0136	1.0	11.0	10.0	12.8
PGU-0140	14.0	17.0	3.0	6.9
PGU-0142	173.7	174.9	1.2	10.0
PGU-0143	9.3	12.2	2.9	23.4
PGU-0143	62.9	64.6	1.7	7.2
PGU-0144	7.4	9.5	2.2	13.7
PGU-0150	134.5	149.0	14.5	6.2
PGU-0153	59.6	62.0	2.4	19.9
PGU-0177	46.0	48.0	2.0	6.9
PGU-0184	44.3	52.2	7.9	8.7
PGU-0188	42.0	45.6	3.6	6.2
PGU-0188	90.1	92.3	2.2	33.1
PGU-0198	12.0	14.0	2.0	65.6
PGU-0200	34.0	35.0	1.0	13.5
PGU-0203	25.3	27.0	1.7	14.7
PGU-0205	32.8	35.3	2.6	7.5
PGU-0212	34.0	36.1	2.1	21.4
PGU-0220	25.0	28.0	3.0	6.9

PGU-0222	*78.0*	*85.0*	*7.0*	*9.2*
PGU-0224	*24.5*	*26.0*	*1.5*	*7.5*
PGU-0232	*17.9*	*19.2*	*1.2*	*14.4*

SHAREHOLDER INFORMATION

Dividends and Distributions

Except as disclosed below, there are no restrictions that prevent the Corporation from paying dividends or distributions. However, the Corporation has not paid any dividends or distributions on its Common Shares since incorporation. At present, all available funds are invested to finance the growth of the Corporation and the exploration and development of its mineral properties. Any decision to pay dividends on its Common Shares in the future will be made by the Board from time to time, in its discretion, on the basis of many factors, including PureGold's earnings, operating results, financial condition and anticipated cash needs and other conditions existing at such time.

Pursuant to the terms of the Facility, the Callable Gold Stream and the PPA, among other things, PureGold is restricted from declaring, making, providing for or paying any dividend or other distribution on the Corporation's issued and outstanding Common Shares without the written consent of Sprott.

Description of Capital Structure

The Corporation is authorized to issue an unlimited number of Common Shares. There are 500,588,212 Common Shares issued and outstanding as of March 30, 2022. Holders of Common Shares are entitled to receive notice of any meetings of shareholders of the Corporation, and to attend and to cast one vote per Common Share at all such meetings. Holders of Common Shares are entitled to receive on a pro rata basis such dividends on such Common Shares, if any, as and when declared by the Board at its discretion from funds legally available therefor, and, upon the liquidation, dissolution or winding up of the Corporation, are entitled to receive on a pro rata basis the net assets of the Corporation after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of Common Shares with respect to dividends or liquidation. The Common Shares do not carry any pre-emptive, subscription, redemption, retraction, surrender or conversion or exchange rights, nor do they contain any sinking or purchase fund provisions.

Registrar and Transfer Agent

The Corporation's Canadian transfer agent and registrar for the Common Shares is Computershare Investor Services Inc., located at 510 Burrard Street, 2nd Floor, Vancouver, British Columbia.

The Corporation's transfer agent and registrar for the Common Shares in the UK is Computershare Investor Services PLC, located at The Pavilions, Bridgewater Road, Bristol, United Kingdom.

Consolidated Capitalization

The following represents the Corporation's capital structure:

Designation of security	Number of Common Shares Authorized	Outstanding on December 31, 2021	Outstanding on March 30, 2022
Common Shares	Unlimited	441,192,986	500,588,212

The Corporation has outstanding 44,383,911 Common Share purchase warrants outstanding with a weighted average exercise price of $0.99.

Principal Shareholders of PureGold

To the knowledge of PureGold's directors and officers, no person beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the outstanding Common Shares other than[10]:

Name	Number of Common Shares	Percentage of Common Shares
AngloGold Ashanti International Exploration Holdings Ltd.	98,178,870	19.6%

Escrowed Securities and Securities Subject to Contractual Restriction on Transfer

There are no securities of the Corporation currently held in escrow or subject to a pooling agreement or subject to any other contractual restriction on transfer.

Market for Securities

As of the date of this AIF, the Common Shares are listed for trading on the TSX-V under the symbol "PGM" and on the LSE under the symbol "PUR".

Trading Activity and Volume

The following tables set forth, for the periods indicated, the reported high and low daily trading prices and the aggregate volume of trading of the Common Shares on the TSX-V, the Canadian marketplace on which the greatest volume of trading or quotation generally occurs for the Corporation.

Common Shares

Period	Volume	High (C$)	Low (C$)
December 2021	8,686,700	0.76	0.65

[10] Information as to holdings of Common Shares has been taken from insider reports or other disclosure documents electronically filed with regulators and publicly available through the Internet at the website for the Canadian System for Electronic Disclosure by Insiders at www.sedi.ca or SEDAR at www.sedar.com.

November 2021	16,620,000	1.08	0.73
October 2021	10,185,300	1.14	0.82
September 2021	15,930,300	1.28	0.81
August 2021	8,134,200	1.50	1.06
July 2021	9,539,800	1.53	1.06
June 2021	10,311,800	1.81	1.44
May 2021	17,123,200	1.68	1.18
April 2021	22,557,900	1.58	1.19
March 2021	12,969,300	2.10	1.60
February 2021	10,840,400	2.25	1.78
January 2021	14,630,500	2.68	2.05

Prior Sales

Non-trading securities – Options, RSUs, DSUs and Warrants

The Corporation issued the following securities, which are not listed or quoted on a marketplace, during the year-ended December 31, 2021.

Security	Date of Issuance	Aggregate Number Issued	Exercise Price ($)
Options	January 1, 2021	400,000[(1)]	2.60
Options	May 27, 2021	300,000[(1)]	1.60
Options	October 27, 2021	350,000[(1)]	0.97
RSUs	October 27, 2021	200,000[(2)]	Not applicable
Warrants	September 28, 2021	10,952,600	1.36
Warrants	October 15, 2021	1,653,810	1.36

[(1)] These Options were issued to employees, directors and consultants.
[(2)] These RSU's were granted to a director.

As at March 30, 2022, there were 17,405,001 Common Shares issuable upon the exercise of outstanding Options at a weighted average exercise price of $0.94 per Common Share, 44,383,000 Common Shares issuable upon the exercise of outstanding Common Share purchase warrants of the Corporation ("**Warrants**") at a weighted average exercise price of $0.99 per Warrant, 4,157,508 Common Shares issuable upon the settlement of outstanding RSUs and 1,078,306 Common Shares issuable upon the settlement of outstanding DSUs.

GOVERNANCE

Directors and Officers of the Corporation

Directors

As of March 30, 2022, the name, province or state and country of residence, position or office held with the Corporation and principal occupation for the immediately preceding five years of each of the directors and executive officers of the Corporation are as follows, with all companies listed still carrying on business as of the date hereof unless otherwise noted:

Name, Province/State of Residence	Office held with Corporation and Principal Occupation for Five Preceding Years	Director Since
GRAEME CURRIE[(1)(2)] Chairman, British Columbia, Canada	Director and Chairman of PureGold since March 4, 2014. Self-employed. Director of Investment Banking, Canaccord Genuity until August 2012. Former director of Balmoral Resources.	March 4, 2014
DR. MARK O'DEA[(1) (2)(3)] Director, British Columbia, Canada	Director of PureGold since March 4, 2014. Director and Chairman, Liberty Gold Corp.[(6)] since April 2011. Director of Discovery Metals since May 2017. Director and Chairman of Northwest Copper since March 2021. Director of Sun Metals from January 2018 to March 2021. President and Director, Oxygen Capital Corp.[(7)] from February 2012 to present.	March 4, 2014
LENARD BOGGIO [(1)(3)] Director, British Columbia, Canada	Professional director since 2012. Professional accountant and auditor with PwC LLP from 1982 until retirement in May 2012. During that time, he served as an audit partner and advisor for publicly listed Canadian, U.S. and UK, mineral resource clients and became Leader of the B.C. Mining Group of PwC and a senior member of PwC's Global Mining Industry Practice.	March 4, 2014
TROY FIERRO [(4)] Director, Colorado, USA	Director of PureGold since May 12, 2014 and President and CEO of PureGold since January 1, 2022. Mining engineer with over 30 years of industry experience. Formerly held executive positions with Fronteer Gold Inc., Metallica Resources Inc., and Coeur d'Alene Mines, where he has overseen the development, construction or management of mines in Nevada, Mexico, Argentina, Chile, and Alaska. Formerly director of Grayd Resources and Timberline Resources.	May 12, 2014
ROBERT PEASE[(2)(4)] Director, British Columbia, Canada	Director of PureGold since June 24, 2014. Director of Liberty Gold Inc.[(6)] since April 2011, interim President & CEO of Pilot Gold Inc. from November 12, 2015 to February 22, 2016.	June 24, 2014
MARYSE BELANGER[(3)(4)] Director, British Columbia, Canada	Director of PureGold since February 14, 2020. President & CEO and director of Augusta Gold[(12)] since September 2020. President of the Americas for St. Barbara Ltd.[(7)] from July 2019 to February 2020. COO and Director of Atlantic Gold[(8)] from July 2016 to July 2019. CEO and Managing Director of Mirabela Nickel[(9)] from June 2014 to July 2016.	February 14, 2020
TERRENCE SMITH Ontario, Canada	Chief Operating Officer of PureGold since January 24, 2022. Chief Development Officer of Coeur Mining Inc. from June 2020 to September 2021. Senior VP Operations of Coeur Mining Inc. from January 2019 to June 2020. Vice President US Operations of Coeur Mining Inc. from 2013 to January 2019.	Not Applicable
BRYAN WILSON Ontario, Canada	Vice President Mine General Manager since February 2022. General Manager North American Palladium from June 2015 to February 2022.	Not Applicable
CHRIS HAUBRICH British Columbia, Canada	Vice-President Business Development since January 1, 2021 and Chief Financial Officer of PureGold since January 1, 2022. Vice President, Investment Banking, National Bank from June 2018 to December 2020.	Not Applicable

Name, Province/State of Residence	Office held with Corporation and Principal Occupation for Five Preceding Years	Director Since
	Associate, Investment Banking, National Bank from May 2015 to May 2018.	
ASHLEY KATES British Columbia, Canada	Vice-President Finance and Corporate Secretary of PureGold since January 1, 2022. Corporate Controller of PureGold from November 2019 to December 31, 2021. Corporate Controller of Atlantic Gold Corporation(8) from October 2014 to November 2019.	Not Applicable
PHILIP SMERCHANSKI British Columbia, Canada	Vice-President, Exploration of PureGold since April 29, 2016. Senior Geologist with Oxygen Capital Corp.(10) from June 2012 to present. President, T3 Exploration Ltd.(11) from April 2010 to present.	Not Applicable

(1) Member of the Audit Committee
(2) Member of the Compensation Committee
(3) Member of the Corporate Governance and Nominating Committee
(4) Member of the Technical, Health, Safety and Environment Committee
(5) A publicly traded mineral exploration and development company working in North America
(6) Formerly Pilot Gold Inc. A publicly traded mineral exploration and development company working in Nevada, USA and Turkey
(7) An Australian publicly traded mining company
(8) Formerly a publicly traded mining company with operations in North America
(9) A private mining company with operations in Brazil
(10) A private company providing technical and administrative services to mining companies
(11) A private company providing technical services to mining companies
(12) a publicly traded mining company with operations in North America.

The term of office of each of the Corporation's directors expires at the Corporation's next annual general meeting at which directors are elected for the upcoming year or when his successor is duly elected, or earlier in accordance with the articles of the Corporation. The Corporation has not yet scheduled its next annual general meeting of the shareholders.

Aggregate Ownership of Securities

As at the date of this AIF, the directors and executive officers of the Corporation, as a group, beneficially owned, or exercised control or direction over, directly or indirectly, an aggregate of 16,432,524 Common Shares representing approximately 3% of the issued and outstanding Common Shares as of such date.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as disclosed below, no director or executive officer of PureGold is, as at the date of this AIF, or has been, within 10 years before the date of this AIF, a director, chief financial officer or chief executive officer of any company (including the Corporation) that:

a) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (any such order, an "**Order**") that was issued while that person was acting in that capacity; or

b) was subject to an Order that was issued after that person ceased to act in such capacity and which Order resulted from an event that occurred while that person was acting in that capacity.

Except as disclosed below, no director or executive officer of the Corporation, or shareholder holding a sufficient number of Common Shares to materially affect the control of the Corporation:

a) is, at the date of this AIF, or has been within 10 years before the date of this AIF, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

b) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his or her assets.

No director or executive officer of the Corporation holding a sufficient number of securities of the Corporation to affect, materially, the control of the Corporation has been subject to:

a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

The information contained in this AIF as to ownership of securities of the Corporation, corporate cease trade orders, bankruptcies, penalties or sanctions, and existing or potential conflicts of interest, not being within the knowledge of the Corporation, has been provided by each director and executive officer of the Corporation individually.

Lenard Boggio was a director of Great Western Minerals Group Ltd. ("**GWMG**") from January 2013 until his resignation together with all the then current directors in July 2015. In April 2015, GWMG announced that a support agreement was entered into with the holders of a majority of GWMG's secured convertible bonds and GWMG was granted protection from its creditors under the *Companies Creditors Arrangements Act* upon receiving an initial order from the Ontario Court of Justice Commercial List. In May 2015, an order was issued by the Financial and Consumers Affairs Authority of the Province of Saskatchewan that all trading in the securities of GWMG be ceased due to its failure to file financial statements for the year ended December 31, 2014. In December 2015, the Monitor of GWMG issued a press release announcing that it had filed an assignment in bankruptcy on behalf of GWMG.

Robert Pease was a director until November 8, 2018, of Red Eagle Mining Corp. ("**Red Eagle**") which owned and operated the Santa Rosa mine in Colombia. Due to start up issues, Red Eagle had difficulty servicing its project debt and the mine was only able to commence commercial production on the basis of forbearances from the secured lenders. In August 2018, Red Eagle obtained a firm commitment from a third party to refinance the debt with substantial concessions and co-operation from the secured lenders. In October 2018, this third party defaulted on its commitment and as a result, the secured lenders withdrew their forbearances and appointed a receiver-manager over the assets of Red Eagle. It is expected that legal action will be commenced against the third party who defaulted on the financing commitment.

Red Eagle is subject to a cease-trade order issued by the British Columbia Securities Commission on November 20, 2018, for failure to file interim financial statements, management's discussion and analysis, and certification of interim filings for the period ended September 30, 2018.

Maryse Belanger was a director of Mirabela Nickel, an Australian Stock Exchange (ASX) listed company, until July 2016.

In September 2015 the directors of Mirabela made the decision to put the company into Voluntary Administration as it became apparent that the company was unable to continue as a going concern. Additional third-party financing was unable to be secured because of the decline in global nickel prices. This made it economically impossible for the company to continue trading on the ASX.

Legal Proceedings and Regulatory Actions

Except as otherwise disclosed in this AIF, the Corporation is not currently, and has not at any time during its most recently completed financial year, been a party to, nor has any of its property been the subject of, any material legal proceedings or regulatory actions. The Corporation is not aware of any such proceedings or actions threatened or known to be contemplated.

Conflicts of Interest

Except as disclosed herein, to the knowledge of management of the Corporation, there are no existing or potential material conflicts of interest between the Corporation or any of its subsidiaries and any director or officer of the Corporation. Directors and officers of the Corporation may serve as directors and/or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Corporation or any of its subsidiaries may participate, the directors of the Corporation may have a conflict of interest in negotiating and conducting terms in respect of such participation. If such conflict of interest arises at a meeting of the Board, a director who has such a conflict is required to disclose such conflict and abstain from voting for or against the approval of such participation or such terms.

Independence of Auditors

PricewaterhouseCoopers LLP, Chartered Professional Accountants ("**PwC**"), are the Corporation's auditors and have prepared an opinion with respect to the Corporation's consolidated financial statements as at and for the year ended December 31, 2021. PwC is independent of the Corporation in accordance with the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

Interests of Experts

The Corporation relies on experts to prepare mineral reserve and resource estimates on certain of the Corporation's mineral properties and related technical reports.

Each of the following authors of the Technical Report referenced in this AIF is a Qualified Person:

Technical Report	Qualified Person
PureGold Mine Project (formerly Madsen Gold Project)	Michael Makarenko, P. Eng. JDS Energy & Mining Inc. Michael Levy, P. Eng. JDS Energy & Mining Inc. Kelly McLeod, P. Eng. JDS Energy & Mining Inc. Dan Ruane, P. Eng. Knight Piésold Ltd. Darcy Baker, P. Geo. Equity Exploration Consultants Ltd. Marc Jutras, P. Eng. Ginto Consulting Inc. Richard Boehnke, P. Eng. JDS Energy & Mining Inc. Dave Stone, P.E. MineFill Services Inc.

In the case of the following news releases issued by the Corporation (available under the Corporation's profile on SEDAR at www.sedar.com), from which certain Technical Information contained in this AIF has been derived, each of the following employees and former employees of the Corporation is a Qualified Person:

News Release (date)	Qualified Person
March 3, 2021	Ken Donner P. Eng.
March 4, 2021	Philip Smerchanski P. Geo.
March 31, 2021	Ken Donner P. Eng.
April 6, 2021	Philip Smerchanski P. Geo.
May 13, 2021	Ken Donner P. Eng.
July 13, 2021	Ken Donner P. Eng., Philip Smerchanski P. Geo.
August 3, 2021	Ken Donner P. Eng.
August 13, 2021	Ken Donner P. Eng.
September 7, 2021	Ken Donner P. Eng.
October 27, 2021	Ken Donner P. Eng.
October 28, 2021	Philip Smerchanski P. Geo.
November 12, 2021	Darin Labrenz, P.Geo

Other than as described below, based on information provided by the experts as of the date of this AIF, the experts named above did not have any registered or beneficial interest, direct or indirect, in any securities or other property of the Corporation or one of its associates or affiliates, when the experts prepared their respective reports, and no securities or other property of the Corporation or one of its associates or affiliates were subsequently received or are to be received by such experts.

Mr. Philip Smerchanski and Mr. Donner are not independent of PureGold by virtue of their current and former employment with the Corporation. Mr. Smerchanski is the Corporation's Vice-President, Exploration and Technical Services and Mr. Donner was the former VP Operations of PureGold from September 2016 to December 31, 2021. Mr. Smerchanski and Mr. Donner both hold Common Shares and Options. As of the date hereof, and as of the date of the press releases for which they were the Corporation's Qualified Person, the Common Shares and Options held by Mr. Smerchanski and Mr. Donner each, represent less than 1% of the issued and outstanding Common Shares and Options, respectively.

Interests of Management and Others in Material Transactions

Other than as disclosed elsewhere in this AIF, no director, executive officer, or shareholder beneficially owning or exercising control or direction over, directly or indirectly, more than 10% of the Common Shares, and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction during the current fiscal year or within the three most recently completed financial years or in any proposed transaction which, in either such case, has materially affected or is reasonably expected to materially affect the Corporation.

Material Contracts

The following material contracts of the Corporation, are still in effect and are other than in the ordinary course of business:

- Amended and Restated Credit Agreement dated April 14, 2021, between PureGold Mining Inc. (as borrower) and Sprott Private Resource Lending II (Collector), LP (as Lender);
- Amended and Restated First Amendment to Amended and Restated Credit Agreement dated January 28, 2022, between PureGold Mining Inc. (as borrower) and Sprott Private Resource Lending II (Collector), LP (as Lender);
- Warrant Indenture dated September 28, 2021 between PureGold Mining Inc. and Computershare Trust Company of Canada (as Warrant Agent).
- Gold Purchase and Sale Agreement dated August 6, 2019 between PureGold Mining Inc. (as Seller) and Sprott Private Resource Lending II (Co), Inc. (as Purchaser); and
- Warrant Indenture dated July 18, 2019 between PureGold Mining Inc. and Computershare Trust Company of Canada (as Warrant Agent).

Board Committees

The Board has four standing committees: (i) Audit; (ii) Compensation; (iii) Corporate Governance and Nominating; and (iv) Technical, Health, Safety and Environment. Details as to the composition and mandate of the audit committee of the Board (the "**Audit Committee**"), are described in this AIF under the heading "Information Concerning the Audit Committee and External Auditor"; details related to the mandates and composition of the Compensation Committee, Corporate Governance and Nominating Committee, and Health, Safety and Environment Committee are described in the Corporation's Management Information Circular prepared in respect of the next Annual General Meeting of the shareholders of the Corporation which will be filed on SEDAR at www.sedar.com.

Information Concerning the Audit Committee and External Auditor

Audit Committee Charter

The Corporation's Audit Committee has a written charter to follow in carrying out its audit and financial review functions (the "**Audit Committee Charter**"), a copy of which is attached to this AIF as Schedule "A". The Audit Committee reviews all financial statements of the Corporation prior to their publication, reviews audits, considers the adequacy of audit procedures, recommends the appointment of independent auditors, reviews and approves the professional services to be rendered by them and reviews fees for audit services. The Audit Committee meets separately (without management present) with the Corporation's auditors to discuss the various aspects of the Corporation's financial statements and the independent audit.

The Corporation has also adopted a Code of Business Conduct and Ethics (the "**Code of Ethics**") that applies to all personnel of the Corporation. A copy of the Code of Ethics is attached as Schedule "B" to this AIF. Employees of the Corporation are encouraged to report suspected violations of the Code of Ethics to the 'Complaints Officer'. The Complaints Officer is the Chair of the Audit Committee.

Audit Committee Oversight

At no time during the fiscal year ended December 31, 2021 was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services.

Composition of the Audit Committee

The members of the Audit Committee are Lenard Boggio (Chair), Graeme Currie and Mark O'Dea, each of whom is "independent" and "financially literate" for the purposes of National Instrument 52-110 – *Audit Committees.*

Relevant Education and Experience

The following is a description of the education and experience of each Audit Committee member that is relevant to the performance of his or her responsibilities as an Audit Committee member:

Lenard Boggio

Mr. Boggio is a former partner of PwC, where he was the leader of the mining industry practice in British Columbia. He has significant expertise in financial reporting, auditing matters and transactional support, previously assisting, amongst others, clients in the mineral resource sector, including exploration, development and production stage operations in the Americas, Africa, Europe and Asia. Mr. Boggio previously served as a director of Blue Gold Mining Inc., Augusta Resource Corp., Armor Minerals Inc., Polaris Materials Corporation, and Lithium Americas Corp. and currently serves as a director of the Corporation, Augusta Gold Corp., Equinox Gold Corp., Three Valley Copper Inc., Titan Mining Corporation and provincially owned BC Hydro and Power Authority. In 1985 Mr. Boggio became a member of the Institute of Chartered Accountants of BC ("ICABC", now "CPA BC"). He was conferred with a Fellow's designation in 2007 and in 2018 he was awarded a Lifetime Achievement Award by CPA BC for his outstanding lifetime of service to his profession and community. He is a past president of ICABC and he is also a past Chair of the Canadian Institute of Chartered Accountants. He is also a member of the Canadian Institute of Corporate Directors ("ICD.D").

Graeme Currie

Mr. Currie previously served as Director, Investment Banking at Canaccord Genuity Limited where he concentrated specifically on the junior mining sector. He retired from Canaccord in August 2012. Prior to his role in investment banking Mr. Currie was with Canaccord as a Senior Mining Analyst for over 22 years, focusing specifically on the junior mining sector. Mr. Currie brings to the Board over three decades of experience evaluating junior exploration and development companies worldwide and extensive knowledge of the capital markets as they relate to the mineral exploration and development industry.

Mark O'Dea

Dr. O'Dea is a mining industry entrepreneur. A seasoned geologist, Dr. O'Dea has built and financed international mining companies from Canada to Africa, taking them from exploration and discovery to development and operations. Most recently, Dr. O'Dea co-founded and served as Executive Chairman of True Gold Mining Inc. ("True Gold"). After building the Karma Heap Leach Gold Mine in Burkina Faso, West Africa, True Gold was sold to Endeavour Mining Corp. in 2016. As co-founder and CEO of Fronteer Gold, Dr. O'Dea grew the company from start-up to its 2011 sale to Newmont Mining Corp., a deal which included the spin-out of Liberty Gold. He also co-founded and served as CEO of Aurora Energy Resources Inc. ("Aurora"), sold to Paladin Energy Ltd in 2011. Dr. O'Dea is the founder of Oxygen Capital Corp. ("Oxygen"), and co-founder and director of each of Liberty Gold (TSX), Pure Gold Mining Inc., Discovery Silver Corp. (TSX-V) and NorthWest Copper Corp. (TSX-V).

Auditor

PwC has been the Corporation's external auditor since 2007. PwC conducts the annual audit of PureGold's consolidated financial statements and on occasion, provides audit-related, tax and other services. PwC reports to the Audit Committee.

External Auditor Service Fees

The following table shows the fees paid, net of 5% administrative surcharge, by the Corporation to PwC for services in the fiscal periods ended December 31, 2021 and December 31, 2020:

	Fiscal Period Ended	
	December 31 2021	**December 31 2020**
Audit fees	$ 158,087	$ 298,893
Audit related fees	60,669	58,984
Tax fees	8,426	-
Other fees	73,937	11,025
Total	**$ 301,119**	**$ 368,902**

Audit Fees

The decrease in the audit fees paid from the fiscal period ended December 31, 2020 to December 31, 2021 is a result of timing of the interim billing for the 2021 year end audit. The 2021 audit related fees are expected to increase on a cumulative basis year over year due to the increased complexity of the Corporation's financial statements as a result of the Corporation transitioning to operations.

Audit Related Fees

Professional services provided by the external auditor for assurance and related services that are reasonably related to the performance of the audit of PureGold's consolidated financial statements. Audit related fees incurred during the year ended December 31, 2021 and 2020 relate to quarterly reviews provided by PwC.

Tax Fees

The tax fees paid by the Corporation to PwC related to the preparation of the Corporation's PFIC statement. No similar fees were paid in the prior fiscal year.

All Other Fees

Other fees paid relate to non-audit work performed by the external auditor. The 2021 fees were in connection with two short form prospectus' that were filed during the year.

ADDITIONAL INFORMATION

Additional information, including particulars of directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, where applicable, is contained in the Corporation's Information Circular prepared in respect of the most recent Annual General Meeting of the shareholders of the Corporation. Additional financial information is also provided in the Audited Financial Statements and the related MD&A.

A copy of such documents, and of this AIF, as well as additional information relating to the Corporation, is available on SEDAR under the Corporation's profile at www.sedar.com. Copies may also be obtained upon request from the Corporate Secretary of the Corporation. The Corporation may require payment of a reasonable charge if the request is made by a person who is not a holder of securities of the Corporation. Information on the Corporation's website is not part of this AIF or incorporated by reference.

Additional information relating to the Corporation may be found on SEDAR under the Corporation's profile at www.sedar.com.

SCHEDULE A
CHARTER OF THE AUDIT COMMITTEE OF PUREGOLD MINING INC.

1. ROLE AND OBJECTIVE

The Audit Committee (the "**Committee**") is appointed by and reports to the Board of Directors (the "**Board**") of PureGold Mining Inc. (the "**Corporation**"). The Committee assists the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for the Corporation.

The Committee and its membership shall to the best of its ability, knowledge and acting reasonably, meet all applicable legal, regulatory and listing requirements, including, without limitation, those of any stock exchange on which the Corporation's shares are listed, the Canada Business Corporations Act (the "Act"), and all applicable securities regulatory authorities.

2. COMPOSITION

1. The Committee shall be composed of three or more directors as shall be designated by the Board from time to time.

2. Each member of the Committee shall be "independent" and financially literate (as such terms are defined under applicable securities laws and exchange requirements for audit committee purposes). Each member of the Committee shall be able to read and understand the Corporation's financial statements, including the Corporation's statement of financial position, income statement and cash flow statement and any other applicable statements or notes to the financial statements.

    - Members of the Committee shall be appointed at a meeting of the Board, typically held immediately after the annual shareholders' meeting. Each member shall serve until his/her successor is appointed unless he/she shall resign or be removed by the Board or he/she shall otherwise cease to be a director of the Corporation. Any member may be removed or replaced at any time by the Board.

    - Where a vacancy occurs at any time in the membership of the Committee, it may be filled by a vote of a majority of the Board.

    - The Chair of the Committee may be designated by the Board or, if it does not do so, the members of the Committee may elect a chair by vote of a majority of the full Committee membership. The Chair of the Committee shall be an independent director (as described above).

    - If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee present at the meeting shall be chosen by the Committee to preside.

    - The Chair of the Committee presiding at any meeting shall not have a casting vote.

    - The Committee shall appoint a secretary (the "**Secretary**") who need not be a member of the Committee or a director of the Corporation. The Secretary shall keep minutes of the meetings of the Committee. This role is normally filled by the Secretary of the Corporation.

3. MEETINGS

1. The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements, provided that meetings of the Committee shall be convened whenever requested by the auditor that is appointed by the shareholders (the "**Independent Auditor**") or any member of the Committee in accordance with the Act.

2. The Chair of the Committee shall prepare and/or approve an agenda in advance of each meeting.

3. Notice of the time and place of every meeting may be given orally, in writing, by facsimile or by e-mail to each member of the Committee at least 48 hours prior to the time fixed for such meeting.

4. A member may in any manner waive notice of the meeting. Attendance of a member at the meeting shall constitute waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called.

5. Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.

6. A majority of Committee members present in person, by videoconference, by telephone or by a combination thereof, shall constitute a quorum.

7. If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the second adjourned meeting a quorum as hereinbefore specified is not present, the quorum for the adjourned meeting shall consist of the members then present.

8. If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all its powers and responsibilities so long as a quorum remains in office.

9. At all meetings of the Committee, every question shall be decided by a majority of the votes cast. In case of an equality of votes, the matter will be referred to the Board for decision. Any decision or determination of the Committee reduced to writing and signed by all of the members of the Committee shall be fully effective as if it had been made at a meeting duly called and held.

10. The CEO and CFO are expected to be available to attend meetings, but a portion of every meeting will be reserved for in camera discussion without the CEO or CFO, or any other member of management, being present.

11. The Committee may by specific invitation have other resource persons in attendance such officers, directors and employees of the Corporation and its subsidiaries, and other persons, including the Independent Auditor, as it may see fit, from time to time, to attend at meetings of the Committee.

12. The Board may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.

13. The Committee shall have the right to determine who shall and who shall not be present at any time during a meeting of the Committee.

14. Minutes of Committee meetings shall be sent to all Committee members.

15. The Chair of the Committee shall report periodically the Committee's findings and recommendations to the Board.

4. RESOURCES AND AUTHORITY

1. The Committee shall have access to such officers and employees of the Corporation and its subsidiaries and to such information with respect to the Corporation and its subsidiaries as it considers being necessary or advisable in order to perform its duties and responsibilities.

2. The Committee shall have the authority to engage and obtain advice and assistance from internal or external legal, accounting or other advisors and resources, as it deems advisable, at the expense of the Corporation.

3. The Committee shall have the authority to communicate directly with the Independent Auditor.

5. RESPONSIBILITIES

A. Chair

To carry out its oversight responsibilities, the Chair of the Committee shall undertake the following:

1. provide leadership to the Committee with respect to its functions as described in this Charter and as otherwise may be appropriate, including overseeing the logistics of the operations of the Committee;

2. chair meetings of the Committee, unless not present (including in camera sessions), and reports to the Board following each meeting of the Committee on the findings, activities and any recommendations of the Committee;

3. ensures that the Committee meets on a regular basis and at least four times per year;

4. in consultation with the Committee members, establishes a calendar for holding meetings of the Committee;

5. establish the agenda for each meeting of the Committee, with input from other Committee members, and any other parties, as applicable;

6. ensures that Committee materials are available to any director on request;

7. acts as liaison and maintains communication with the Chair of the Board (or Lead Director if an individual other than the Chair) and the Board to optimize and coordinate input from Board members, and to optimize the effectiveness of the Committee. This includes reporting to the full Board on all proceedings and deliberations of the Committee at the first meeting of the Board after each Committee meeting and at such other times and in such manner as the Committee considers advisable;

8. report annually to the Board on the role of the Committee and the effectiveness of the Committee in contributing to the objectives and responsibilities of the Board as a whole;

9. ensure that the members of the Committee understand and discharge their duties and obligations;

10. foster ethical and responsible decision making by the Committee and its individual members;

11. encourage Committee members to ask questions and express viewpoints during meetings;

12. together with the Corporate Governance and Nominating Committee, oversee the structure, composition, membership and activities delegated to the Committee from time to time;

13. ensure that resources and expertise are available to the Committee so that it may conduct its work effectively and efficiently and pre-approves work to be done for the Committee by consultants;

14. facilitate effective communication between members of the Committee and management;

15. encourage the Committee to meet in separate, regularly scheduled, non-management, closed sessions with the Independent Auditor;

16. attend each meeting of shareholders to respond to any questions from shareholders as may be put to the Chair; and

17. perform such other duties and responsibilities as may be delegated to the Chair by the Board from time to time.

B. The Committee

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the Independent Auditor as well as any officer of the Corporation, or outside counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Corporation and has the authority to retain, at the expense of the Corporation, special legal, accounting, or other consultants or experts to assist in the performance of the Committee's duties.

The Committee is hereby delegated the duties and powers specified in Section 171 of the Act and, without limiting these duties and powers, the Committee will carry out the following responsibilities:

<u>Financial Accounting and Reporting Process and Internal Controls</u>

1. review the annual audited financial statements to satisfy itself that they are presented in accordance with applicable Canadian accounting standards and report thereon to the Board and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. The Committee shall also review and approve the interim financial statements prior to their being filed with the appropriate regulatory authorities. The Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the Independent Auditor as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements is not significantly erroneous, misleading or incomplete and that the audit function has been effectively carried out.

2. review management's internal control report and the evaluation of such report by the Independent Auditor, together with management's response. The Committee shall assess the integrity of internal controls and financial reporting procedures and ensure implementation of such controls and procedures.

3. review the financial statements, management's discussion and analysis relating to annual and interim financial statements, annual and interim earnings press releases and any other public disclosure documents that are required to be reviewed by the Committee under any applicable laws before the Corporation publicly discloses this information.

4. be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, and periodically assess the adequacy of these procedures.

5. meet no less frequently than annually with the Independent Auditor and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee deems appropriate.

6. inquire of management and the Independent Auditor about significant risks or exposures, both internal and external, to which the Corporation may be subject, and assess the steps management has taken to minimize such risks.

7. review the post-audit or management letter containing the recommendations of the Independent Auditor and management's response and subsequent follow-up to any identified weaknesses.

8. oversee the Corporation's plans to adopt changes to accounting standards and related disclosure obligations.

9. in consultation with the Corporate Governance and Nominating Committee, ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting and overseeing a corporate code of ethics for senior financial personnel.

10. establish procedures for:

    - the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
    - the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

11. provide oversight to related party transactions entered into by the Corporation.

<u>Independent Auditor</u>

1. recommend to the Board for approval by shareholders, the selection, appointment and compensation of the Independent Auditor;

2. be directly responsible for oversight of the Independent Auditor and the Independent Auditor shall report directly to the Committee.

3. ensure the lead audit partner and the other audit partners (if any) at the Independent Auditor is replaced in compliance with applicable laws.

4. be directly responsible for overseeing the work of the Independent Auditor, including the resolution of disagreements between management and the Independent Auditor regarding financial reporting.

5. with reference to the procedures outlined separately in "Procedures for Approval of Non-Audit Services" (attached hereto as Schedule 'A'), pre-approve all audit and non-audit services not prohibited by law to be provided by the Independent Auditor.

6. monitor and assess the relationship between management and the Independent Auditor and monitor, confirm, support and assure the independence and objectivity of the Independent Auditor. The Committee shall establish procedures to receive and respond to complaints with respect to accounting, internal accounting controls and auditing matters.

7. review the Independent Auditor's audit plan, including scope, procedures, timing and staffing of the audit.

8. review the results of the annual audit with the Independent Auditor, including matters related to the conduct of the audit, and receive and review the auditor's interim review reports.

9. obtain timely reports from the Independent Auditor describing critical accounting policies and practices, alternative treatments of information within applicable Canadian accounting principles that were discussed with management, their ramifications, and the Independent Auditor' preferred treatment and material written communications between the Corporation and the Independent Auditor.

10. review fees paid by the Corporation to the Independent Auditor and other professionals in respect of audit and non-audit services on an annual basis.

11. review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former Auditor of the Corporation.

Other Responsibilities

1. perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate;

2. institute and oversee special investigations, as needed; and

3. review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

Enacted April 3, 2014

SCHEDULE B
CODE OF BUSINESS CONDUCT AND ETHICS

Purpose

This Code of Business Conduct and Ethics (the "**Code**") of PureGold Mining Inc. (the "**Corporation**") and its subsidiaries and affiliates is intended to document the principles of conduct and ethics to be followed by the Corporation's directors, officers employees and where practical, key consultants (being, those who are engaged in an employee-like capacity) (collectively, the "**Personnel**") of the Corporation. The Code applies to interpersonal and electronic communications. Its purpose is to:

- Reiterate the Corporation's commitment to full compliance by the Corporation, its subsidiaries and affiliates, and its Personnel with Canada's Corruption of Foreign Public Officials Act ("**CFPOA**"), and any local anti-bribery or anti-corruption laws that may be applicable.
- Promote fair dealing with the Corporation's customers, suppliers, competitors and other third parties;
- Promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- Promote avoidance of conflicts of interest, including disclosure to an appropriate person of any material transaction or relationship that reasonably could be expected to give rise to such a conflict;
- Promote full, fair, accurate, timely and understandable disclosure in reports and documents that the Corporation files with, or submits to, the relevant Canadian or other foreign regulatory authorities and in other information disseminated to the public;
- Promote compliance with applicable governmental laws, rules and regulations as well as the rules of the Toronto Stock Exchange;
- Promote the prompt internal reporting to an appropriate person of violations of this Code;
- Promote accountability for adherence to this Code, the CFPOA;
- Provide guidance to Personnel to help them recognize and deal with ethical issues;
- Promote a workplace free from bullying and harassment;
- Provide mechanisms to report unethical or inappropriate conduct; and
- Help foster a culture of honesty and accountability.

This Code is not intended to be a comprehensive guide to all the Corporation's policies or to all its Personnel's responsibilities under applicable laws or regulations. It is intended to provide general parameters to help resolve the ethical and legal issues encountered when the Corporation conducts business.

The Corporation expects all its Personnel to comply and act in accordance, at all times, with the principles stated above and the more detailed provisions provided hereinafter. Violation of the law, the Corporation's governance policies or this Code by Personnel is grounds for disciplinary action up to and including, but without limitation, immediate termination of employment.

Basic Obligations

Under the Corporation's ethical standards, Personnel share certain responsibilities. It is each such person's responsibility to

- become familiar with, and conduct Corporation business in compliance with, applicable laws, rules and regulations and this Code;
- treat all Corporation Personnel, customers and business partners in an honest and fair manner;
- avoid situations where any Personnel's personal interests are, or *appear to be*, in conflict with the Corporation's interests; and
- safeguard and properly use the Corporation's proprietary and confidential information, assets and resources, as well as those of the Corporation's business partners.

Fair Dealing

Personnel are required to deal honestly and fairly with the Corporation's customers, suppliers, competitors and other third parties.

Corruption is the misuse of public power for private profit, or the misuse of entrusted power for private gain. Bribery is the offer, promise, or payment of cash, gifts, or even excessive entertainment to, or an inducement of any kind offered or given to a person in a position of trust to influence that person's views or conduct or to obtain an improper advantage. Bribery and corruption can take many forms, including the provision or acceptance of:

- Cash payments;
- Phony jobs or "consulting" relationships;
- Kickbacks;
- Political contributions;
- Charitable contributions;
- Social benefits; or
- Gifts, travel, hospitality, and reimbursement of expenses.

When dealing with customers and suppliers, the Corporation:

- prohibits offering, paying, promising or authorizing bribes, kickbacks or any other form of loan, reward, advantage of benefit, or other improper payment, direct or indirect, to any representative of government, labour union, customer or supplier in order to:

- obtain a contract, some other commercial benefit or government action;
- cause a person to act or fail to act in violation of a legal or official duty; or
- cause a person to abuse or use his or her position to influence any acts or decisions of the foreign state or public international organization for which the official performs duties or functions;

- prohibits Personnel from accepting any bribe, kickback or improper payment from anyone;
- prohibits gifts of more than modest value to or from suppliers or customers;
- limits marketing and client entertainment expenditures to those that are necessary, prudent, job-related and consistent with the Corporation's policies;
- requires clear and precise communication in the Corporation's contracts, its advertising, its literature, and its other public statements and seeks to eliminate misstatements of fact or misleading impressions;
- reflects accurately on all invoices to customers the sale price and terms of sales for goods sold or services rendered; and
- prohibits Personnel from otherwise taking unfair advantage of the Corporation's customers or suppliers, or other third parties, through manipulation, concealment, abuse of privileged information or any other unfair-dealing practice.

Conflicts of Interest

Personnel should not engage in any activity, practice or act which creates or gives the appearance of a conflict with the best interests of the Corporation or its partners. A conflict of interest occurs when any Personnel places or finds himself or herself in a position where his or her private interests create or give the appearance of a conflict with the best interests of the Corporation or have an adverse effect on such person's motivation or the proper performance of his or her job.

Examples of such conflicts could include, but are not limited to:

- accepting outside employment with, or accepting personal payments from, any organization which does business with the Corporation or is a competitor of the Corporation;
- competing with the Corporation for the purchase or sale of property, services or other interests or taking personal advantage of an opportunity in which, the Corporation has an interest;
- having, or immediate family members having, financial interest in a firm which does business with the Corporation;
- seeking or accepting any personal loan or services from any entity with which the Corporation does business, except from financial institutions or service providers offering similar loans or services to third parties under similar terms in the ordinary course of their respective businesses;

- accepting any personal loan or guarantee of obligations from the Corporation, except to the extent such arrangements are legally permissible; and

- having a financial interest, including significant share ownership, in a transaction involving the Corporation or a customer, business partner or supplier.

Personnel must not place themselves or remain in a position in which such person's private interests' conflict with the interests of the Corporation.

If the Corporation determines that any Personnel's outside work interferes with performance or his or her ability to meet the requirements of the Corporation, as they are modified from time to time, such person may be asked to terminate such outside work if he or she wishes to remain employed by the Corporation. To protect the interests of both the Personnel and the Corporation, any activity that involves a potential or apparent conflict of interest may be undertaken only after disclosure to the Corporation by such person and review and approval by management of the Corporation or another appropriate party.

Confidentiality Concerning Corporate Affairs

Personnel must preserve and protect the confidentiality of information entrusted to them by the Corporation or its customers and suppliers and which they come into contact within their work, except when disclosing information which is expressly approved by an officer of the Corporation with authority to give such approval, including if legally mandated. Confidential information encompasses proprietary information which is not in the public domain that could be of use to competitors, or that could harm the Corporation, its Personnel, its customers, suppliers or business partners if disclosed.

Personnel must also not use or disclose to the Corporation any proprietary information or trade secrets of any former employer or other person or entity with whom obligations of confidentiality exist. Similarly, this obligation to protect confidential information continues after leaving the Corporation.

Disclosure

The Corporation is committed to providing full, fair, accurate, timely and understandable disclosure in reports and documents that the Corporation files with, or furnishes to, the Canadian regulatory authorities and in other public communications made by the Corporation. The goal of the Corporation's Timely Disclosure, Confidentiality and Insider Trading Policy (the "**Disclosure Policy**") is to raise awareness of the Corporation's approach to disclosure among the Personnel and those authorized to speak on behalf of the Corporation.

The Disclosure Policy extends to all Personnel and those authorized to speak on the Corporation's behalf. It covers disclosures in documents filed with, or furnished to, the securities regulators and written statements made in the Corporation's annual and quarterly reports, news releases, letters to shareholders, presentations by senior management, information contained on the Corporation's web site and other electronic communications. It extends to oral statements made in meetings and telephone conversations with members of the investment community (which includes analysts, investors, investment dealers, brokers, investment advisers and investment managers), interviews with the media as well as speeches, conference calls and posting to social media websites. As a prerequisite and condition of employment, all Personnel must sign an acknowledgment by which they agree to adhere to such Disclosure Policy, which is generally provided to the new hire prior to or immediately after his or her start date and is available on the Public folder of the Corporation's network or from the Chief Financial Officer.

Accuracy of Corporate Records

The Corporation is required to record and publicly report all internal and external financial records in compliance with International Financial Reporting Standards ("**IFRS**"). The books and records of the Corporation and each of its subsidiaries and affiliates must correctly record both the amount and a written description of any transaction. Personnel must ensure that there is a reasonable relationship between the substance of a transaction and how it is described in the Corporation's books and records

Therefore, Personnel are responsible for ensuring the accuracy of all books and records within their control and complying with all Corporation policies and internal controls. All Corporation information must be reported accurately, whether in internal personnel, safety, or other records or in information the Corporation releases to the public or files with, or furnishes to, Canadian regulatory authorities.

Financial Reporting and Disclosure Controls

The Corporation is required to file or furnish periodic and other reports with certain Canadian regulatory authorities and to make certain public communications. The Corporation is required by such regulatory authorities to maintain effective "disclosure controls and procedures" so that financial and non-financial information is reported timely and accurately both to its senior management and in any public filings it makes. Personnel are expected, within the scope of their employment duties, to support the effectiveness of the Corporation's disclosure controls and procedures.

Compliance with All Laws, Rules and Regulations

The Corporation is committed to compliance with all applicable laws, rules, and regulations, including laws and regulations applicable to the Corporation's securities and trading in such securities, as well as any rules promulgated by any exchange on which the Corporation's shares are listed or quoted for trading.

Health and Safety

The Corporation is committed to making its work environment safe, secure and healthy for its Personnel and others. The Corporation complies with all applicable laws and regulations relating to safety and health in the workplace. The Corporation expects all Personnel to promote a positive working environment for all. Personnel are expected to consult and comply with all Corporation rules regarding workplace conduct and safety including the Corporation's Health, Safety & Sustainability Policy. Personnel should immediately report any unsafe or hazardous conditions or materials, injuries, and accidents connected with the Corporation's business and any activity that compromises corporate security to a senior officer of the Corporation. Personnel must not work under the influence of any substances that would impair the safety of themselves and others. All threats or acts of physical violence or intimidation are prohibited.

Protection and Proper Use of the Corporation's Assets

All Personnel should protect the Corporation's assets and ensure their efficient use. The Corporation's assets must be protected from loss, damage, theft, misuse, and waste. The

Corporation's assets include your time at work and work product, as well as the Corporation's equipment and vehicles, computers and software, trading and bank accounts, company information and the Corporation's reputation, trademarks and name. the Corporation's telephone, email, Internet and other electronic systems are primarily for business purposes. Personal communications using these systems should be kept to a minimum. Personnel should exercise prudence in incurring and approving business expenses, work to minimize such expenses and ensure that such expenses are reasonable and serve the Corporation's business interests.

Respect for the Corporation's Personnel

The Corporation's employment decisions will be based on reasons related to its business, such as job performance, individual skills and talents, and other business or related factors. The Corporate policy requires adherence to all federal, state, provincial or other local employment laws. In addition to any other requirements of applicable laws in a particular jurisdiction, the Corporate policy prohibits discrimination in any aspect of employment based on race, color, religion, sex, national origin, disability or age, within the meaning of applicable laws.

Abusive or Harassing Conduct Prohibited

The Corporation prohibits abusive or harassing conduct by its Personnel towards others, such as unwelcome sexual advances, comments based on ethnicity, religion or race, or other non-business, personal comments or conduct that make others uncomfortable in their employment with / engagement by the Corporation. The Corporation encourages and expects all Personnel to report harassment or other inappropriate conduct as soon as it occurs.

Bullying and Harassment

The Corporation is committed to a work environment that is free from bullying and harassment and supportive of the productivity, dignity and self-esteem of every employee. The Corporation will not tolerate and is dedicated to preventing, where possible, or otherwise minimizing, bullying and harassment. Bullying and harassment:

- includes any inappropriate conduct or comment by a person towards a worker that the person knew or reasonably ought to have known would cause that worker to be humiliated or intimidated, or any unwelcome or objectionable conduct or comment which would be considered discriminatory under the *BC Human Rights Code*, but

- excludes any reasonable action taken by an employer or supervisor relating to the management and direction of workers or the place of employment.

Examples of conduct or comments that might constitute bullying and harassment include verbal aggression or insults, calling someone derogatory names, harmful hazing or initiation practices, vandalizing personal belongings, and spreading malicious rumours.

Examples of conduct or comments that might constitute sexual harassment include: unwanted physical contact such as touching, patting, pinching and hugging; sexual advances with actual or implied work-related consequences; and sexual jokes, innuendos or horseplay.

The above definitions and examples are intended to be general guidance and not exhaustive and the types of behavior described are by way of illustration only.

Personnel must:

- not engage in the bullying and harassment of other Personnel.

- report if bullying and harassment is observed or experienced.

Any Personnel found to have bullied or harassed another person may be subject to discipline, up to and including termination of employment or other business relationship. Because of the seriousness of such allegations, malicious unfounded complaints may also be subject to discipline, up to and including termination of employment or other business relationship.

Privacy

The Corporation, and companies and individuals authorized by the Corporation, collect and maintain personal information that relates to its Personnel, including compensation, medical and benefits information. The Corporation follows procedures to protect information wherever it is stored or processed, and access to the personal information of its Personnel is restricted. Personal information will only be released to outside parties in accordance with the Corporation's policies and applicable legal requirements. Personnel who have access to personal information must ensure that personal information is not disclosed in violation of the Corporation's policies or practices.

Duty to Report Suspected Code Violations

The Corporation expects its Personnel to take all responsible steps to prevent a violation of this Code, to identify and raise potential issues before they lead to problems, and to seek additional guidance when necessary.

If any Personnel observe or become aware of an actual or potential violation of this Code or of any applicable law or regulation, whether committed by the Corporation's Personnel or by others associated with the Corporation, it is their responsibility to promptly report the circumstances as outlined herein and to cooperate with any investigation by the Corporation. This Code is designed to provide an atmosphere of open communication for compliance issues and to ensure that Personnel acting in good faith have the means to report actual or potential violations.

For assistance with compliance matters and to report actual or potential compliance infractions, Personnel should refer to the procedures outlined separately in "*Procedures for Receipt of Complaints and Submissions Relating to Ethical Conduct and Accounting Matters*" (attached hereto as Appendix 'A').

Relationship to Other Policies

All Corporation policies apply to Personnel. If such person is a director, in addition to this Code, the Mandate of the Board and the Directors' Code of Ethics will guide him or her procedurally in his or her position as a director. If such person is a Senior Financial Officer, in addition to this Code, the Code of Ethics for Senior Financial Officers will guide him or her procedurally in his or her position as a senior financial officer. In addition, if any such person is a member of a committee of the Board, the applicable committee charter(s) should guide his or her conduct in carrying out his or her duties on such committee. In the event of any conflict between such policies and this Code, the terms of this Code shall govern.

Waivers and Amendments

Only the Board may waive application of or amend any provision of this Code. A request for such a waiver should be submitted in writing to the Board, Attention: Chair of the Board, for the full Board's consideration. The Corporation will promptly disclose to the appropriate regulatory authorities in accordance with applicable Canadian securities laws and regulations and applicable exchange rules upon which the Corporation's securities are listed or quoted for trading all substantive amendments to the Code as well as all waivers of the Code granted to directors or officers by the Board.

No Rights Created

This Code is a statement of the fundamental principles and key policies and procedures that govern the conduct of the Corporation's business. It is not intended to and does not, in any way, constitute an employment contract or an assurance of continued employment or create any rights in any employee, director, client, supplier, competitor, shareholder or any other person or entity.

Enacted April 3, 2014

Appendix A

Procedures for Receipt of Complaints and Submissions Relating to Ethical Conduct, Bullying, Harassment and Accounting Matters

Receipt and Acknowledgement

The undersigned hereby acknowledges having received and read a copy of the PureGold Mining Inc. – Code of Business Conduct and Ethics" and agrees to adhere to its terms and its intent at all times.

Name:______________________________

Signature:___________________________

Date:_______________________________

This is Exhibit "C" referred to in the Affidavit of Chris Haubrich sworn before me at Vancouver, British Columbia this 30th day of October, 2022

A Commissioner for Taking Affidavits
for British Columbia

CLAIRE HILDEBRAND
Barrister & Solicitor
BLAKE, CASSELS & GRAYDON LLP
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puregold

Pure Gold Mining Inc.

Condensed Interim Financial Statements

For the three and six months ended June 30, 2022 and 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars Unless Otherwise Noted)

Pure Gold Mining Inc.
Condensed Interim Statements of Financial Position
(Unaudited – Prepared by Management)
(Expressed in thousands of Canadian Dollars)

	Notes	June 30, 2022	December 31, 2021 (restated – Note 3)
ASSETS			
Current Assets			
Cash		$ 12,689	$ 8,450
Amounts receivable	*5*	689	1,191
Inventories	*6*	6,264	8,874
Prepaid expenses		3,421	2,612
Short-term investments		170	170
		23,233	21,297
Non-current Assets			
Mineral properties, plant and equipment	*7*	248,066	245,140
Deposits		727	840
Total Assets		$ 272,026	$ 267,277
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities		$ 20,137	$ 22,606
Lease liabilities	*11*	5,435	5,494
Gold stream derivative liability	*9*	4,039	2,408
Loans and borrowings	*8*	16,958	8,181
Flow-through premium liability	*18*	1,184	4,588
		47,753	43,277
Non-current Liabilities			
Loans and borrowings	*8*	106,110	115,204
Gold stream derivative liability	*9*	29,688	42,307
Provision for closure and reclamation	*10*	16,403	19,750
Lease liabilities	*11*	4,790	4,270
Total Liabilities		204,744	224,808
Equity			
Share capital	*12a*	294,127	235,355
Equity reserves	*12c,d,e*	28,102	20,161
Accumulated deficit		(254,947)	(213,047)
Total Equity		67,282	42,469
Total Liabilities and Equity		$ 272,026	$ 267,277

Commitments & Contingencies *(Note 18)*
Subsequent Events *(Note 8, 21)*
Going Concern *(Note 1)*

Approved by the Board on August 15, 2022:

"Lenard Boggio", Audit Committee Chair — *"Graeme Currie"*, Director

- See Accompanying Notes to the Financial Statements -

Pure Gold Mining Inc.

Condensed Interim Statements of Loss and Comprehensive Loss

(Unaudited – Prepared by Management)
(Expressed in thousands of Canadian Dollars, except for per share and share amounts)

	Notes	Three months ended June 30, 2022	Three months ended June 30, 2021 *(restated – Note 3)*	Six months ended June 30, 2022	Six months ended June 30, 2021 *(restated – Note 3)*
Revenue	13	$ 8,535	$ 15,030	$ 26,902	$ 21,572
Cost of sales	14	(26,739)	(28,199)	(68,502)	(50,328)
Loss from mine operations		(18,204)	(13,169)	(41,600)	(28,756)
Corporate administrative costs	15	(2,402)	(1,550)	(3,527)	(3,628)
Exploration and evaluation		-	(391)	-	(3,491)
Operating loss for the period		**(20,606)**	**(15,110)**	**(45,127)**	**(35,875)**
Finance income and Expenses					
Interest and finance costs	16	(4,609)	(83)	(10,297)	(128)
Foreign exchange gain (loss)		(4,459)	1,558	(2,230)	2,804
Gain (loss) on change in fair value of derivative liabilities	8,9	11,684	(2,276)	14,772	(1,571)
Loss on extinguishment of accounts payables	12b	(2,090)	-	(2,090)	-
Loss on disposal of lease		(388)	-	(388)	-
Interest income		37	26	55	71
Income (loss) before taxes		(20,431)	(15,885)	(45,305)	(34,699)
Income tax recovery	12b	-	45	3,405	2,073
Net income (loss) and comprehensive income (loss) for the period		$ (20,431)	$ (15,840)	$ (41,900)	$ (32,626)
Weighted Average Number of Common Shares Outstanding		590,035,237	408,255,091	530,913,396	403,839,405
Basic and Diluted Loss per Common Share		$ (0.03)	$ (0.04)	$ (0.08)	$ (0.08)

- See Accompanying Notes to the Financial Statements -

Pure Gold Mining Inc.

Condensed Interim Statements of Changes in Equity

(Unaudited – Prepared by Management)

(Expressed in thousands of Canadian Dollars, except for share amounts)

	Notes	Number of Common Shares	Share Capital	Equity Reserves	Accumulated Deficit	Total
Balance – December 31, 2020		397,480,777	$ 192,882	$ 17,492	$ (149,911)	$ 60,463
Flow-through common share issuance	*12b*	11,348,700	17,250	-	-	17,250
Flow-through premium liability	*12b*		(3,405)	-	-	(3,405)
Share issue costs – cash	*12b*		(1,172)	-	-	(1,172)
Exercised warrants	*12c*	2,485,000	2,112	-	-	2,112
Fair value of exercised warrants			281	(281)	-	-
Exercised stock options	*12d*	1,600,000	800	-	-	800
Fair value of exercised stock options			551	(551)	-	-
Common share issuance – Credit Facility		714,229	1,086	-	-	1,086
Exercised restricted share units	*12e*	46,479	132	(132)	-	-
Share-based compensation	*12d*	-	-	686	-	686
Deferred Share Unit compensation	*12e*			764	-	764
Net loss for the period		-	-	-	(32,626)	(32,626)
Balance – June 30, 2021 *(restated – Note 3)*		413,675,185	$ 210,517	$ 17,978	$ (182,537)	$ 45,958
Balance – January 1, 2022 *(restated – Note 3)*		441,192,986	$ 235,355	$ 20,161	$ (213,047)	$ 42,469
Common share issuance – February 2022 financing	*12b*	58,948,000	31,242	-	-	31,242
Share issue costs (February 2022 financing) - cash	*12b*		(949)	-	-	(949)
Common share issuance – May 2022 financing	*12b*	228,163,874	35,271	-	-	35,271
Share issue costs (May 2022 financing) - cash	*12b*		(1,570)	-	-	(1,570)
Fair value of warrants issued with common shares	*12b*		(6,210)	7,255	-	1,045
Exercised stock options	*12d*	75,000	37	-	-	37
Fair value of exercised stock options			26	(26)	-	-
Exercised restricted share units	*12e*	548,026	925	(925)	-	-
Share-based compensation	*12d*	-	-	1,078	-	1,078
Restricted Share Unit compensation	*12f*			559	-	559
Net loss for the period		-	-	-	(41,900)	(41,900)
Balance – June 30, 2022		728,927,886	$ 294,127	$ 28,102	$ (254,947)	$ 67,282

- See Accompanying Notes to the Financial Statements -

Pure Gold Mining Inc.

Condensed Interim Statements of Cash Flows

(Unaudited – Prepared by Management)
(Expressed in thousands of Canadian Dollars)

For the six months ended June 30,	Notes	2022	2021 *(restated – Note 3)*
Operating Activities			
Net income (loss) for the period		$ (41,900)	$ (32,627)
Items not affecting cash:			
Deferred income tax recovery		(3,405)	(2,073)
Unrealized foreign exchange (gain) loss		2,230	(2,655)
Change in fair value of derivative liabilities		(14,772)	1,571
Loss on equipment disposal		388	-
Loss on extinguishment of accounts payables		2,090	-
Share-based compensation	*12d*	1,638	991
Depreciation	*7*	5,498	128
Finance income		(55)	(71)
Accretion expense	*10*	175	111
Finance expense	16	10,076	16
Changes in non-cash working capital:			
Inventory		2,530	(1,603)
Accounts payable and accrued liabilities		697	839
Amounts receivable		502	(1,765)
Prepaid expenses and deposits		(808)	(1,406)
Net cash used in operating activities		(35,116)	(38,544)
Investing Activities			
Mineral properties, plant and equipment	*8*	(8,229)	(28,332)
Proceeds from disposal of equipment		315	-
Interest received		55	71
Return of surety bond deposit		-	1,323
Net cash used in investing activities		(7,859)	(26,938)
Financing Activities			
Proceeds from equity financings	*12b*	62,329	17,250
Share issue costs	*12b*	(2,518)	(1,172)
Payment of lease liabilities	*11*	(4,065)	(1,973)
Credit Facility interest payments	*8*	(7,325)	-
Gold stream payments	*9*	(1,088)	(533)
Production Payments	*8*	(173)	(86)
Proceeds from exercised stock options	*12d*	37	800
Proceeds from exercised warrants	*12c*	-	2,731
Proceeds from Credit Facility drawdown		-	24,981
Issue Discount on Credit Facility Drawdown		-	(500)
Credit Facility drawdown transaction costs		-	(91)
Net cash provided by financing activities		47,197	41,407
Effect of foreign exchange on cash		17	(628)
Net (Decrease) Increase in Cash		4,239	(24,703)
Cash - Beginning of the period		8,450	44,906
Cash - End of the period		$ 12,689	$ 20,203

Supplemental Cash Flow Information *(Note 20)*

- See Accompanying Notes to the Condensed Interim Financial Statements -

1. GENERAL INFORMATION AND GOING CONCERN

Pure Gold Mining Inc. ("Pure Gold" or the "Company"), is a publicly listed company incorporated and domiciled in Canada. The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol "PGM." and the London Stock Exchange under the symbol "PUR". The Company's head office and principal address is located at Suite 1900 – 1055 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2E9. The Company's records and registered office address is c/o McMillan LLP, 1500 Royal Centre PO Box 1117, 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

Pure Gold is in the business of the acquisition, exploration and development of gold and other precious and base metal properties in Canada. Currently, the Company's principal mineral property is the PureGold Mine Project ("PureGold Mine") located near Red Lake, Ontario. In March 2019, Pure Gold filed a technical report for a feasibility-study on the PureGold Mine, and in August 2019 the Company announced the Board of Directors approval of a decision to construct at the PureGold Mine. Commercial production at the PureGold Mine began on August 1, 2021.

These financial statements have been prepared on the basis of accounting principles 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 a period of at least twelve months from June 30, 2022. During the six months ended June 30, 2022, the Company incurred a loss of $41,900, used cash of $35,116 in operating activities and at period end, the Company had cash of $12,689 and a net working capital deficit of $24,520.

As a result of the Company's shortfall in gold production and therefore cash generated from gold sales, the Company obtained additional sources of funding in April 2022 through an amendment to its Credit Facility with Sprott Resources Lending Corp. (Note 8). In addition, in February and May 2022, the Company raised an additional $62,329 (net of share issuance costs) through equity financings (Note 12b).

The continued operations 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 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.

These financial statements do not include adjustments or disclosures that may result should the Company not be able to continue as a going concern. If the going concern assumption were not appropriate for these financial statements, then adjustments would be required to the carrying value of assets and liabilities, the expenses, the reported comprehensive loss and balance sheet classifications used. These adjustments could be material.

(Expressed in thousands of Canadian Dollars, except for per share and share amounts, unless otherwise noted)

2. BASIS OF PREPARATION

Statement of Compliance

The Company prepares its annual financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). These condensed interim financial statements have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting ("IAS 34").

These condensed interim financial statements do not include all of the information required for full IFRS financial statements and therefore should be read in conjunction with the Company's most recent annual financial statements and for the year ended December 31, 2021.

The accounting policies and methods of application applied by the Company in these condensed interim financial statements are the same as those applied in the Company's audited financial statements for the year ended December 31, 2021, except for the change as a result of the adoption of new accounting standards (Note 3).

3. 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 (*Notes 7, 13 and 14*).

4. 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 audited financial statements for the year ended December 31, 2021.

5. AMOUNTS RECEIVABLE

Amounts receivable are comprised of the following:

		June 30, 2022		December 31, 2021
Refundable goods and services tax/ harmonized sales tax	$	674	$	1,175
Other receivables		15		16
Total	**$**	**689**	**$**	**1,191**

(Expressed in thousands of Canadian Dollars, except for per share and share amounts, unless otherwise noted)

6. INVENTORY

Inventory is comprised of the following:

	June 30, 2022	December 31, 2021
Ore in stockpile	$ -	$ 240
In circuit metals	977	1,951
Finished goods	1,297	2,969
Total metals inventory	2,274	5,160
Materials and supplies	3,990	3,714
Total	**$ 6,264**	**$ 8,874**

During the six months ended June 30, 2022, the Company had an inventory write-down of $8,024 to adjust its metals inventory to its net realizable value (June 30, 2021 - $10,680). The adjustment was recognized to the Statement of Loss and Comprehensive Loss.

7. MINERAL PROPERTIES, PLANT AND EQUIPMENT

	Six Months Ended June 30, 2022				
Cost	**Mineral Properties and Mine Development ($)**	**Construction in Progress ($)**	**Plant and Equipment ($)**	**Land ($)**	**Total ($)**
December 31, 2021 - *restated*	119,521	1,964	129,909	5,049	256,443
Additions	4,842	2,767	5,311	-	12,920
Reclamation provision	(3,523)	-	-	-	(3,523)
Disposals	-	-	(1,259)	-	(1,259)
June 30, 2022	120,840	4,731	133,961	5,049	264,581
Accumulated Depreciation					
December 31, 2021 - *restated*	(1,403)	-	(9,900)	-	(11,303)
Depreciation	(1,188)	-	(4,310)	-	(5,498)
Disposals	-	-	286	-	286
June 30, 2022	(2,591)	-	(13,924)	-	(16,515)
Carrying Amounts					
December 31, 2021 - *restated*	118,118	1,964	120,009	5,049	245,140
June 30, 2022	118,249	4,731	120,037	5,049	248,066

(Expressed in thousands of Canadian Dollars, except for per share and share amounts, unless otherwise noted)

7. MINERAL PROPERTIES, PLANT AND EQUIPMENT (continued)

Year ended December 31, 2021 *(restated)*					
Cost	**Mineral Properties and Mine Development ($)**	**Construction in Progress ($)**	**Plant and Equipment ($)**	**Land ($)**	**Total ($)**
December 31, 2020	90,210	82,070	19,233	5,049	196,562
Additions - *restated*	24,569	20,985	9,090	-	54,644
Capitalized borrowing costs	7,455	-	-	-	7,455
Reclamation provision	(2,218)	-	-	-	(2,218)
Transfers	(495)	(101,091)	101,586	-	-
December 31, 2021 - *restated*	119,521	1,964	129,909	5,049	256,443
Accumulated Depreciation					
December 31, 2020	-	-	(3,677)	-	(3,677)
Depreciation - *restated*	(1,403)	-	(6,223)	-	(7,626)
December 31, 2021	(1,403)	-	(9,900)	-	(11,303)
Carrying Amounts					
December 31, 2020	90,210	82,070	15,556	5,049	192,885
December 31, 2021 - *restated*	118,118	1,964	120,009	5,049	245,140

Mineral properties

As discussed in Note 3, on January 1, 2022, the Company adopted an 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. As a result of the adoption of the amendments to IAS 16, the Company reclassified $24,564 proceeds from gold sales and $52,984 associated cost of sales from mineral properties, plant and equipment, to mine operating loss on the statement of loss and comprehensive loss for the year ended December 31, 2021 ($15,030and $28,199, respectively, and $21,572 and $50,327, respectively, for the three six months ended June 30, 2021 *(Note 13 and 14, respectively)*). Additionally, depreciation for the year ended December 31, 2021 was reduced by $428.

Mineral properties consist solely of the 100% owned PureGold Mine. The PureGold Mine is located in the Red Lake gold camp of Northwestern Ontario. In June 2014, the Company acquired a 100% interest in the Newman-Madsen Property. The Newman-Madsen Property is considered part of the PureGold Mine.

Certain of the Newman-Madsen claims acquired are subject to royalty arrangements based on Net Smelter Returns ("NSRs") ranging from 0.5% to 3%. Of the known resources on the PureGold Mine, only the Russet South resources are subject to a 2% NSR which is capped at $2,000.

In March 2017, the Company acquired a 100% interest in the Derlak Gold Property. The Derlak Gold Property is considered part of the PureGold Mine. The 11 claims acquired are subject to a royalty arrangement based on a Net Smelter Return ("NSR") of 3%.

The Company has a project agreement (the "Agreement") with Wabauskang First Nation and Lac Seul First Nation (together the "First Nations") with respect to the PureGold Mine. The Agreement provides for communication, cooperation, and collaboration between the First Nations and the Company, 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.

(Expressed in thousands of Canadian Dollars, except for per share and share amounts, unless otherwise noted)

8. LOANS AND BORROWINGS

	Credity Facility	Interest rate floor derivative	Production Payment Agreement	Total
Loans and borrowings at January 1, 2021	79,350	8,276	4,506	92,132
Advance on Credit Facility	24,981	-	-	24,981
Deferred charges	(1,676)	-	-	(1,676)
Interest and accretion	10,362	-	468	10,830
Interest payment	(2,751)	-	-	(2,751)
Production payment	-	-	(277)	(277)
Change in fair value of derivative	-	(2,077)	-	(2,077)
Amortization of deferred charges	2,097	-	-	2,097
Foreign exchange (gain) loss	151	(10)	(15)	126
Loans and borrowings at December 31, 2021	**112,514**	**6,189**	**4,682**	**123,385**
Interest and accretion	8,525	-	172	8,697
Interest payment	(7,325)	-	-	(7,325)
Production payment	-	-	(173)	(173)
Change in fair value of derivative	-	(4,486)	-	(4,486)
Amortization of deferred charges	1,109	-	-	1,109
Foreign exchange (gain) loss	1,787	8	66	1,861
Loans and borrowings at June 30, 2022	**116,610**	**1,711**	**4,747**	**123,068**
Current	**(14,524)**	**(1,711)**	**(723)**	**(16,958)**
Loans and borrowing non-current	**102,086**	**-**	**4,024**	**106,110**

On April 22, 2022, the Company entered into an agreement (the "Agreement") with its lenders, Sprott Private Resource Lending Corp. ("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 (Note 9), 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 by May 23, 2022 (Note 12b), 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.

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

(Expressed in thousands of Canadian Dollars, except for per share and share amounts, unless otherwise noted)

9. GOLD STREAM DERIVATIVE LIABILITY

		Gold Stream derivative liability
Balance at December 31, 2020		44,192
Loss on change in fair value		2,475
Gold stream payments		(1,732)
Foreign exchange gain		(220)
Balance at December 31, 2021	**$**	**44,715**
Loss on change in fair value		(10,287)
Gold stream payments		(1,088)
Foreign exchange gain		387
Balance at June 30, 2022	**$**	**33,727**
Current		**(4,039)**
Gold stream derivative non-current	**$**	**29,688**

10. PROVISION FOR CLOSURE AND RECLAMATION

The Company has recognized a liability relating to its PureGold Mine and has determined that no significant closure and reclamation liabilities exist in connection with the activities on its other properties. The Company has calculated the present value of the closure and reclamation provision at June 30, 2022 using a pre-tax discount rate of 3.2% and inflation rate of 2.00% (December 31, 2021 – 1.42% and 2.00%, respectively). The estimated total future undiscounted, but inflation-adjusted, cash flows to settle the provision for closure and reclamation at June 30, 2022 is $22,841 (December 31, 2021 - $23,067). The Company has estimated that payments will be made in 2032 (December 31, 2021 – 2032).

	June 30, 2022	December 31, 2021
Balance, beginning of the period	$ 19,750	$ 21,715
Effect of changes in discount rate	(3,522)	(2,203)
Accretion on discounted obligation	175	238
Balance, end of the period	**$ 16,403**	**$ 19,750**

11. LEASES

a. Right-of-use assets

The Company leases assets such as office space, mobile equipment and equipment. These assets are classified as property, plant and equipment in the statement of financial position.

Balance – January 1, 2021	$	5,854
Additions		8,591
Depreciation		(1,636)
Balance – December 31, 2021		12,809
Additions		4,647
Derecognition		(390)
Depreciation		(1,375)
Balance – June 30, 2022	**$**	**15,691**

(Expressed in thousands of Canadian Dollars, except for per share and share amounts, unless otherwise noted)

11. LEASES (continued)

The Company's lease with respect to its head office premises is held and paid by Oxygen (Note 17) pursuant to the Oxygen Agreement (Note 17).

b. Lease liabilities

The following table relates to all leases identified under IFRS 16:

Balance – December 31, 2020	$	5,332
Additions		8,591
Principal payments		(4,789)
Finance charge		630
Balance – December 31, 2021		9,764
Additions		4,647
Principal payments		(4,065)
Lease derecognition		(390)
Finance charge		269
Balance – June 30, 2022		10,225
Less: current portion		(5,435)
Long term lease liability – June 30, 2022	**$**	**4,790**

Minimum lease payments in respect of the above lease liabilities and the effects of discounting are as follows:

	Up to 1 year	1 to 5 years	Total
Minimum lease payments	$ 5,762	$ 4,935	$ 10,697
Finance charge	(327)	(145)	(472)
Total principal payments	**$ 5,435**	**$ 4,790**	**$ 10,225**

Total undiscounted lease payments excludes leases that are classified as short-term and leases for low-value assets, which are not recognized as lease liabilities.

12. EQUITY

a. Share Capital

The Company's authorized share capital consists of an unlimited number of common shares without par value.

b. Equity Financings

In May 2022, the Company completed a non-brokered private placement whereby the Company issued a total of 207,240,960 units of the Company at a price of $0.15 per unit for total proceeds of $31,086. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant is exercisable at a price of $0.18 per warrant, with an expiry date of six months from the closing date of the private placement. For accounting purposes, proceeds from the unit placement were allocated between shares and warrants issued according to their relative fair value. The Company uses the Black-Scholes option pricing model to determine the fair value of the warrants.

(Expressed in thousands of Canadian Dollars, except for per share and share amounts, unless otherwise noted)

12. EQUITY (continued)

b. Equity Financings (continued)

In addition to the May 2022 non-brokered private placement, the Company closed a securities for debt transaction, whereby the Company issued 20,922,914 units at a price of $0.15 per unit to certain of its suppliers in order to settle a portion of accounts payable owing in the amount of $3,138. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant is exercisable at a price of $0.18 per warrant, with an expiry date of six months from the closing date of the shares for debt transaction. As a result of the extinguishment of the payables balance, the Company recognized a $2,090 loss which was the difference between the carrying amount of the accounts payable balances that were extinguished, and the fair value of the units issued.

The warrants issued in the above financings, have been fair valued at $12,437 using the Black-Scholes option pricing model with the following assumptions:

Assumptions	
Risk-free interest rate	2.5%
Expected stock price volatility	72%
Expected dividend yield	0.00%
Expected life of warrants	0.5 years

On February 15, 2022, the Company completed a brokered and non-brokered private placement whereby the Company issued a total of 58,948,000 common shares of the Company at a price of $0.53 per common share for gross proceeds of $31,242.

On October 15, 2021, the Company completed a non-brokered private placement whereby the Company issued a total of 3,307,619 units of the Company at a price of $1.05 per unit for total proceeds of $3,473. Each unit consists of one common share of the Company and one-half of one common share purchase warrant. Each warrant is exercisable at a price of $1.36 per warrant, with an expiry date of April 15, 2023.

On September 28, 2021, the Company completed a bought-deal offering of 21,905,200 units at a price of $1.05 per unit for gross proceeds of $23,000. Each unit consists of one common share of the Company and one-half of one common share purchase warrant (each whole common share purchase warrant). Each warrant is transferrable and entitles the holder to acquire one common share of the Company until March 28, 2023 at a price of $1.36 per warrant. In connection with the bought-deal offering, the Company paid the underwriters a cash commission equal to 5% of the gross proceeds.

On May 5, 2021, the Company completed a bought-deal offering of 11,348,700 Flow Through Shares (the "FT Shares") at a price of CAD $1.52 per FT Share, for gross proceeds of $17,250. In connection with the bought-deal, the Company paid commissions, legal fees and filing fees totaling $1,200, and recognized a flow-through premium liability of $3,405. In February 2022, the Company filed its renunciation forms for the qualifying expenditures, and as at December 31, 2021 had incurred all required qualifying expenditures.

(Expressed in thousands of Canadian Dollars, except for per share and share amounts, unless otherwise noted)

12. EQUITY (continued)

c. Share Purchase Warrants

Details of share purchase warrants issued, exercised, expired and outstanding as at and during the six months ended June 30, 2022 and the year ended December 31, 2021 are as follows:

	Number of Warrants	Weighted Average Exercise Price (CAD)
Outstanding Balance – December 31, 2020	34,878,000	$0.85
Issued	12,606,410	$1.36
Exercised	(3,100,499)	$0.85
Outstanding Balance – December 31, 2021	44,383,911	$0.99
Issued	228,163,874	$0.18
Outstanding Balance – June 30, 2022	**272,547,785**	**$0.31**

d. Stock Options

The Company has established a share purchase option plan (the "Stock Option Plan") whereby the board of directors may, from time to time, grant options to directors, officers, employees, consultants or technical and administrative company employees. Options granted must be exercised no later than five years from the date of grant or such lesser or greater period as may be determined by the Company's board of directors and in accordance with the policies of the TSX-V. The exercise price of an option must be determined by the board of directors and in accordance with the Plan and the policies of the TSX-V. Subject to the policies of the TSX-V, the board of directors may determine the time during which options shall vest and the method of vesting, or that no vesting restriction shall exist. The Company applies the fair value based method of accounting for options.

At June 30, 2022, the following options are outstanding and exercisable:

Expiry Date	Weighted Average Exercise Price Options Outstanding	Number of Options Outstanding	Weighted Average Remaining Life in Years	Number of Options Exercisable
December 15, 2022	$0.49	4,250,000	1.85	4,250,000
May 6, 2024	$0.54	133,334	2.10	133,334
November 18, 2024	$0.64	250,000	2.39	166,666
December 13, 2024	$0.74	4,483,334	2.46	4,483,334
February 19, 2025	$0.77	350,000	2.64	350,000
December 17, 2025	$2.84	1,760,000	3.47	1,236,666
January 1, 2026	$2.60	400,000	3.51	266,667
October 27, 2026	$0.97	350,000	4.33	-
February 17, 2027	$0.70	4,400,000	4.64	-
March 17, 2027	$0.75	830,000	4.72	-
June 13, 2027	$0.275	36,050,000	4.96	-
	$0.49	**53,256,668**	**4.37**	**10,886,667**

The options exercisable at June 30, 2022 have a weighted average exercise price of $0.92.

Details of options granted, exercised, expired and forfeited during the six months ended June 30, 2022 and the year ended December 31, 2021 are as follows:

(Expressed in thousands of Canadian Dollars, except for per share and share amounts, unless otherwise noted)

12. EQUITY (continued)

d. Stock Options (continued)

	Number of Options	Weighted Average Exercise Price
Balance – December 31, 2020	15,643,335	$0.86
Granted during the year	1,050,000	$1.77
Exercised during the year	(3,180,000)	$0.47
Expired during the year	(575,000)	$0.48
Forfeited during the year	(688,334)	$1.73
Balance – December 31, 2021	12,250,001	$1.04
Granted during the period	41,280,000	$0.33
Exercised during the period	(75,000)	$0.49
Expired during the period	(198,333)	$1.81
Balance – June 30, 2022	**53,256,668**	**$0.49**

Granting of Options

The fair value of newly granted options are calculated using the Black-Scholes option pricing model. For all grants, the assumed dividend yield and forfeiture rate were nil and nil, respectively. Other conditions and assumptions for options granted in the six months ended June 30, 2022 and the year ended December 31, 2021 were as follows:

Grant Date	Expected Life of Options in Years	Exercise Price	Risk-free Interest Rate	Volatility[1]	Weighted Average Black-Scholes Fair Value
January 1, 2021	4.6	$2.60	0.39%	61.49%	$0.91
May 27, 2021	4.8	$1.60	0.90%	53.25%	$0.72
October 27, 2021	5.0	$0.97	1.42%	55.71%	$0.47
February 17, 2022	5.0	$0.70	1.75%	56.78%	$0.35
March 17, 2022	5.0	$0.75	2.02%	56.88%	$0.38
June 13, 2022	5.0	$0.275	3.48%	73.12%	$0.17

[1]Volatility was determined using the average historic volatility of the Company, calculated over the same period as the expected life of the option.

Options granted are typically subject to vesting provisions whereby one third vest one year from the grant date, one third vest two years from the grant date, and one third vest three years from the grant date.

During the six months ended June 30, 2022, the Company recognized $1,078 of share-based compensation (2021 - $686).

Exercise of Options

The weighted average share price on the date stock options were exercised during the six months ended June 30, 2022 was $0.72 (2021 – $1.89). In connection with these option exercises, the related fair value amount of $26 (2021 - $551) was transferred from equity reserves to share capital.

(Expressed in thousands of Canadian Dollars, except for per share and share amounts, unless otherwise noted)

12. EQUITY (continued)

e. Deferred Share Units ("DSU")

The Company has established a deferred share unit plan (the "DSU Plan") whereby the board of directors may, from time to time, grant DSUs to non-employee directors of the Company. The DSUs vest immediately and can be redeemed by the holder during the period commencing immediately following a termination of the holders' position as a director and ending on the 90th day following such termination date. The current maximum number of common shares authorized for issue under the DSU plan is 3,000,000.

There are a total of 1,078,306 DSUs outstanding as at June 30, 2022 and December 31, 2021. There was no DSU activity during the six months ended June 30, 2022 and the year ended December 31, 2021.

f. Restricted Share Units ("RSU")

The Company has established a restricted share unit plan (the "RSU Plan") whereby the board of directors may, from time to time, grant RSUs to employees of the Company. The board of directors may determine the time during which the RSUs shall vest and the method of vesting, or that no vesting restriction shall exist. The current maximum number of common shares authorized for issue under the RSU plan is 7,000,000.

A summary of RSU activity during the period is as follows:

	Number of RSUs
Outstanding Balance – December 31, 2020	1,134,930
Granted	200,000
Exercised	(155,962)
Forfeited	(188,334)
Outstanding Balance – December 31, 2021	990,634
Granted	3,539,100
Exercised	(548,026)
Forfeited	(250,000)
Outstanding Balance – June 30, 2022	**3,731,708**

RSU expense for the six months ended June 30, 2022 was $559 (2021 - $764).

13. REVENUE

Revenue comprised the following:

	Three months ended June 30, 2022	Three months ended June 30, 2021 *(Restated)*	Six months ended June 30, 2022	Six months ended June 30, 2021 *(Restated)*
Gold revenue – Spot sales	$ 8,603	$ 15,087	$ 27,027	$ 21,650
Less: refining and shipping costs	(68)	(57)	(125)	(78)
Total	**$ 8,535**	**$ 15,030**	**$ 26,902**	**$ 21,572**

(Expressed in thousands of Canadian Dollars, except for per share and share amounts, unless otherwise noted)

14. COST OF SALES

Cost of sales are comprised of the following:

	Three months ended June 30, 2022	Three months ended June 30, 2021 (Restated)	Six months ended June 30, 2022	Six months ended June 30, 2021 (Restated)
Labour wages and benefits	$ 10,981	$ 10,889	$ 23,040	$ 19,574
Raw materials and consumables	5,518	6,852	12,645	14,063
Contractors	5,655	6,192	19,661	11,962
Site administrative costs	1,834	1,810	3,901	4,061
Depreciation and depletion	2,336	-	5,380	-
Share based payments	609	231	1,005	458
Production costs	26,933	25,974	65,632	50,118
Change in inventory	(4,583)	(188)	(5,155)	(10,470)
Inventory write-down	4,389	2,413	8,025	10,680
Total	**$ 26,739**	**$ 28,199**	**$ 68,502**	**$ 50,328**

15. CORPORATE ADMINISTRATIVE COSTS

Corporate administrative costs are comprised of the following:

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Wages, consulting and director fees	$ 671	$ 643	$ 1,121	$ 1,245
Share-based compensation	485	361	633	855
Professional fees	652	88	868	212
Investor relations	165	72	216	496
Office costs	110	187	204	469
Corporate listing and filing fees	149	157	225	266
Depreciation	59	42	118	85
Administrative travel and other	111	-	142	-
Total	**$ 2,402**	**$ 1,550**	**$ 3,527**	**$ 3,628**

(Expressed in thousands of Canadian Dollars, except for per share and share amounts, unless otherwise noted)

16. INTEREST AND FINANCING COSTS

Interest and financing costs are comprised of the following:

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Credit Facility interest expense	$ 3,714	$ -	$ 8,571	$ -
Deferred transaction costs amortization	556	-	1,109	-
PPA accretion expense	106	-	173	-
Financing fees on leases	127	9	269	9
Reclamation accretion expense	106	36	175	36
Total	**$ 4,609**	**$ 45**	**$ 10,297**	**$ 45**

Prior to the start of commercial production on August 1, 2021, Credit Facility interest expense and deferred transaction costs were capitalized to Mineral Properties, plant and equipment.

17. RELATED PARTY TRANSACTIONS

Oxygen Capital Corp ("Oxygen").

Oxygen is a private company partially owned by one officer and director of the Company. Oxygen provides technical and administrative services to the Company under an Amended Technical and Administrative Services Agreement (the "Oxygen Agreement") 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 $396 on behalf of the Company (December 31, 2021 - $396). During the six months ended June 30, 2022, a total of $776 (2021 - $1,089) 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 $234 (December 31, 2021 - $293).

The Oxygen Agreement may be terminated by either party giving at least 180 days' prior written notice of such termination. Upon termination, by the Company, of the Oxygen Agreement, the Company shall pay to Oxygen an amount equal to the average general and administrative monthly costs incurred under the Agreement for the previous six month period, the Company's share of committed lease costs, any employee termination fees due under the Agreement as a result of the termination as such term is defined under the Agreement, and the Company's share of any contractual obligations entered into on its behalf by Oxygen.

Compensation of key management personnel

Key management includes members of the Board, the President and Chief Executive Officer, the VP Business Development and Chief Financial Officer, the VP Finance and Corporate Secretary, and the VP of Exploration and Technical Services. The total compensation paid or payable to key management for employee services directly or via Oxygen is as follows:

(Expressed in thousands of Canadian Dollars, except for per share and share amounts, unless otherwise noted)

17. RELATED PARTY TRANSACTIONS (continued)

	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	$ 582	$ 406	$ 956	$ 813
Directors fees	110	126	210	260
Share-based compensation	680	399	1,313	953
Total	**$ 1,372**	**$ 931**	**$ 2,479**	**$ 2,026**

18. COMMITMENTS & CONTINGENCIES

	Total	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5+ years
Loans and borrowings	**$148,713**	23,767	31,496	29,565	21,698	42,187	-
Accounts payable and accrued liabilities	**$20,137**	20,137	-	-	-	-	-
Production linked payments	**$5,947**	723	1,243	1,808	1,617	556	-

As at June 30, 2022, the Company is committed to incur qualifying expenditures pursuant to the June 2020 financing, whereby the Company must incur $15,000 of Canadian exploration expenditures ("CEE"), before January 1, 2023. If the Company does not spend these funds in compliance with the Government of Canada flow-through regulations, it may be subject to litigation from various counterparties. As at June 30, 2022, the Company had incurred $9,590 in qualifying expenditures, with $5,410 remaining to be spent in 2022.

19. FINANCIAL INSTRUMENTS

Fair value measurements

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; and

(Expressed in thousands of Canadian Dollars, except for per share and share amounts, unless otherwise noted)

19. FINANCIAL INSTRUMENTS (continued)

Fair value measurements (continued)

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, deposits, accounts payable and accrued liabilities are considered to be a reasonable approximation of their fair values, due to their short-term nature.

	June 30, 2022		December 31, 2021	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Credit Facility	$ 116,609	$ 95,063	$ 112,516	$ 113,228
Production Payment Agreement	4,747	4,747	4,682	4,592
Interest rate floor derivative	1,711	1,711	6,188	6,188
Gold stream derivative liabilities	$ 33,727	$ 33,727	$ 44,715	$ 44,715

At June 30, 2022 the fair values of the PPA, the Credit Facility, and the embedded derivatives in the Credit Facility (the interest rate floor derivative) and the Gold Stream were determined using Level 3 inputs.

The fair value of the Credit Facility and the embedded derivatives in the Credit 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

The credit spread and interest rate assumption used at June 30, 2022 was 16.26% and 3.14%, respectively (December 31, 2021 – 7.2% and 1.68%, respectively).

A 1% change in discount rate would have a $1,000 impact on the fair value of the Gold Stream derivative. A 1% change in gold price would have a $44 impact on the fair value of the Gold Stream derivative.

The Company's policy for determining when a transfer occurs between levels in the fair value hierarchy is to assess the impact at the date of the event or the change in circumstances that could result in a transfer. There were no transfers between levels in the fair value hierarchy during the six months ended June 30, 2022.

(Expressed in thousands of Canadian Dollars, except for per share and share amounts, unless otherwise noted)

20. SUPPLEMENTAL CASH FLOW INFORMATION

Non-Cash Investing and Financing Activities		Six months ended June 30, 2022		Six months ended June 30, 2021
Change in estimate of provision for closure and reclamation	$	3,522	$	1,952
Recognition of lease liability	$	4,647	$	2,484
Extinguishment of accounts payables	$	3,138	$	-
Shares issued in debt financing	$	-	$	1,086

21. SUBSEQUENT EVENTS

The following items occurred after June 30, 2022:

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

This is Exhibit "D" referred to in the Affidavit of Chris Haubrich sworn before me at Vancouver, British Columbia this 30th day of October, 2022

A Commissioner for Taking Affidavits
for British Columbia

CLAIRE HILDEBRAND
Barrister & Solicitor
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Pure Gold Mining Inc.

Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars Unless Otherwise Noted)

Independent auditor's report

To the Shareholders of Pure Gold Mining Inc.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Pure Gold Mining Inc. (the Company) as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's financial statements comprise:

- the statements of financial position as at December 31, 2021 and 2020;
- the statements of loss and comprehensive loss for the years then ended;
- the statements of changes in equity for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Craig McMillan.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
March 30, 2022

Pure Gold Mining Inc.
Statements of Financial Position
(Expressed in thousands of Canadian Dollars)

	Notes	December 31, 2021	December 31, 2020
ASSETS			
Current Assets			
Cash		$ 8,450	$ 44,906
Amounts receivable	*6*	1,191	4,639
Inventories	*7*	8,874	3,167
Prepaid expenses		2,612	986
Short-term investments		170	1,493
		21,297	55,191
Non-current Assets			
Mineral properties, plant and equipment	*8*	273,360	192,884
Deposits		840	396
Total Assets		$ 295,497	$ 248,471
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities		$ 22,606	$ 21,380
Lease liabilities	*12*	5,494	5,041
Gold stream derivative liability	*10*	2,408	5,359
Loans and borrowings	*9*	8,181	849
Flow-through premium liability	*13b,18*	4,588	3,257
		43,277	35,886
Non-current Liabilities			
Loans and borrowings	*9*	115,204	91,283
Gold stream derivative liability	*10*	42,307	38,833
Provision for closure and reclamation	*11*	19,750	21,715
Lease liabilities	*12*	4,270	291
Total Liabilities		224,808	188,008
Equity			
Share capital	*13a*	235,355	192,882
Equity reserves	*13c,d,e*	20,161	17,492
Accumulated deficit		(184,827)	(149,911)
Total Equity		70,689	60,463
Total Liabilities and Equity		$ 295,497	$ 248,471

Commitments & Contingencies *(Note 22)*
Subsequent Events *(Note 27)*
Going Concern *(Note 1)*

Approved by the Board on March 30, 2022:

"Lenard Boggio", Audit Committee Chair *"Graeme Currie"*, Director

- See Accompanying Notes to the Financial Statements -

Pure Gold Mining Inc.
Statements of Loss and Comprehensive Loss
(Expressed in thousands of Canadian Dollars, except for per share and share amounts)

For the years ended December 31,	Notes	2021	2020
Revenue	14	$ 31,882	$ -
Cost of sales	15	(50,980)	-
Loss from mine operations		(19,098)	-
Corporate administrative costs	16	(7,535)	(11,633)
Exploration and evaluation	18	(3,679)	(6,627)
Operating loss for the year		**(30,312)**	**(18,260)**
Finance income and Expenses			
Interest and finance costs	17	(6,346)	(220)
Foreign exchange gain (loss)		(49)	6,679
Gain (loss) on change in fair value of derivative liabilities	9,10	(398)	(16,684)
Interest income		116	682
Income (loss) before taxes		(36,989)	(27,803)
Income tax recovery	13b	2,073	850
Net income (loss) and comprehensive income (loss) for the year		$ (34,916)	$ (26,953)
Weighted Average Number of Common Shares Outstanding		415,426,546	377,297,611
Basic and Diluted Loss per Common Share		$ (0.08)	$ (0.07)

- See Accompanying Notes to the Financial Statements -

Pure Gold Mining Inc.
Statements of Changes in Equity
(Expressed in thousands of Canadian Dollars, except for share amounts)

	Notes	Number of Common Shares	Share Capital	Equity Reserves	Accumulated Deficit	Total
Balance – December 31, 2019		358,466,692	$ 156,771	$ 15,777	$ (122,957)	$ 49,591
Flow-through common share issuance	*13b*	9,868,421	15,000	-	-	15,000
Flow-through premium liability	*13b*		(3,257)	-	-	(3,257)
Share issue costs – cash	*13b*		(1,017)	-	-	(1,017)
Exercised warrants	*13c*	22,794,000	19,375	-	-	19,375
Fair value of exercised warrants	*13c*	-	2,624	(2,624)	-	-
Exercised stock options	*13d*	6,351,664	2,026	-	-	2,026
Fair value of exercised stock options	*13d*	-	1,360	(1,360)	-	-
Share-based compensation	*13d*	-	-	1,927	-	1,927
Deferred Share Unit compensation	*13e*	-	-	3,772	-	3,772
Net loss for the year		-	-	-	(26,954)	(26,954)
Balance – December 31, 2020		397,480,777	$ 192,882	$ 17,492	$ (149,911)	$ 60,463
Common share issuance – financing	*13b*	25,212,819	26,473	-	-	26,473
Share issue costs - cash	*13b*		(1,548)	-	-	(1,548)
Fair value of warrants issued with common shares	*13b*		(2,189)	2,189	-	-
Flow-through common share issuance	*13b*	11,348,700	17,250	-	-	17,250
Flow-through premium liability	*13b*		(3,405)	-	-	(3,405)
Share issue costs – cash	*13b*		(1,172)	-	-	(1,172)
Exercised warrants	*13c*	3,100,499	2,636	-	-	2,636
Fair value of exercised warrants			350	(350)	-	-
Exercised stock options	*13d*	3,180,000	1,509	-	-	1,509
Fair value of exercised stock options			1,041	(1,041)	-	-
Common share issuance – Credit Facility	*9a*	714,229	1,086	-	-	1,086
Exercised restricted share units	*13e*	155,962	442	(442)	-	-
Share-based compensation	*13d*	-	-	1,097	-	1,097
Deferred Share Unit compensation	*13e*			1,216	-	1,216
Net loss for the year		-	-	-	(34,916)	(34,916)
Balance – December 31, 2021		441,192,986	$ 235,355	$ 20,161	$ (184,827)	$ 70,689

- See Accompanying Notes to the Financial Statements -

Pure Gold Mining Inc.
Statements of Cash Flows
(Expressed in thousands of Canadian Dollars)

For the years ended December 31,	Notes	2021	2020
Operating Activities			
Net income (loss) for the year		$ (34,916)	$ (26,953)
Items not affecting cash:			
Deferred income tax recovery		(2,073)	(850)
Unrealized foreign exchange (gain) loss		(49)	(6,678)
Change in fair value of derivative liabilities		398	16,684
Share-based compensation	*13d*	1,768	4,946
Depreciation	*8*	5,619	247
Finance income		(116)	(682)
Accretion expense	*11*	238	162
Finance expense	17	6,108	57
Changes in non-cash working capital:			
Inventory		(5,708)	(3,167)
Accounts payable and accrued liabilities		9,157	(233)
Amounts receivable		1,478	(1,295)
Prepaid expenses and deposits		1,298	(541)
Net cash used in operating activities		(16,798)	(18,303)
Investing Activities			
Mineral properties, plant and equipment	*8*	(81,047)	(113,928)
Return of surety bond deposit		1,322	-
Interest received		116	682
Short-term investment		-	(146)
Net cash used in investing activities		(79,609)	(113,392)
Financing Activities			
Proceeds from Credit Facility drawdown	*9*	24,981	72,900
Proceeds from equity financings	*13b*	43,723	15,000
Payment of lease liabilities	*12*	(4,789)	(963)
Proceeds from exercised warrants	*13c*	2,636	18,756
Share issue costs	*13b*	(2,720)	(1,017)
Credit Facility interest payments	*9*	(2,751)	-
Proceeds from exercised stock options	*13d*	1,509	2,026
Gold stream payments	*10*	(1,732)	-
Issue Discount on Credit Facility Drawdown	*9*	(500)	(1,464)
Credit Facility drawdown transaction costs	*9*	(91)	-
Production Payments	*9*	(277)	-
Net cash provided by financing activities		59,989	105,238
Effect of foreign exchange on cash		(38)	1,085
Net (Decrease) Increase in Cash		(36,456)	(25,372)
Cash - Beginning of the year		44,906	70,278
Cash - End of the year		$ 8,450	$ 44,906

Supplemental Cash Flow Information *(Note 24)*

- See Accompanying Notes to the Financial Statements -

1. GENERAL INFORMATION AND GOING CONCERN

Pure Gold Mining Inc. ("Pure Gold" or the "Company"), is a publicly listed company incorporated and domiciled in Canada. The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol "PGM." and the London Stock Exchange under the symbol "PUR". The Company's head office and principal address is located at Suite 1900 – 1055 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2E9. The Company's records and registered office address is c/o McMillan LLP, 1500 Royal Centre PO Box 1117, 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

Pure Gold is in the business of the acquisition, exploration and development of gold and other precious and base metal properties in Canada. Currently, the Company's principal mineral property is the PureGold Mine Project ("PureGold Mine") located near Red Lake, Ontario. In March 2019, Pure Gold filed a technical report for a feasibility-study on the PureGold Mine, and in August 2019 the Company announced the Board of Directors approval of a decision to construct at the PureGold Mine. Commercial production at the PureGold Mine began on August 1, 2021.

These financial statements have been prepared on the basis of accounting principles 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 a period of at least twelve months from December 31, 2021. During the year ended December 31, 2021, the Company incurred a loss of $34,916, used cash of $16,798 in operating activities and at period end, the Company had cash of $8,450 and a net working capital deficit of $21,980. As a result of the Company's shortfall in expected gold production and therefore cash generated from gold sales during 2021, the Company obtained additional sources of funding through an amendment to its Credit Facility with Sprott Resources Lending Corp. (Note 9), as well as equity financings (Note 13b). Subsequent to December 31, 2021, the Company raised an additional $31,200 through equity financings.

The Company will need to obtain additional sources of funding in order to meet its current obligations and to finance ongoing operations and development at the Pure Gold Mine for at least the next 12 months. The Company continues to pursue a number of options to improve its financial capacity. While Management believes the Company will be able to secure further funding, there can be no assurance that those efforts would 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.

These financial statements do not include adjustments or disclosures that may result should the Company not be able to continue as a going concern. If the going concern assumption were not appropriate for these financial statements, then adjustments would be required to the carrying value of assets and liabilities, the expenses, the reported comprehensive loss and 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. These adjustments could be material.

2. BASIS OF PREPARATION

Statement of Compliance

The Company prepares its annual financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). The significant accounting policies are presented in Note 3 and have been consistently applied in each of the periods presented.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements are as follows:

a. Basis of Measurement

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets and financial liabilities measured at fair value. These financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All dollar amounts stated in these financial statements are expressed in Canadian dollars unless noted otherwise.

b. Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The functional currency of the Company is the Canadian dollar, which is also the Company's presentation currency. References to "$" or "CAD" are to Canadian dollars, while references to "USD" or "US$" are to United States dollars.

c. Cash and cash equivalents

Cash and cash equivalents includes cash, term deposits and short-term highly liquid investments with an original term to maturity of three months or less.

d. Short-term Investments

Short-term investments are comprised of cashable Guaranteed Investment Certificates (GICs) with original terms to maturity greater than three months, but less than one year.

e. Exploration and Evaluation Assets and Expenditures

The Company's policy is to expense, as incurred, exploration and evaluation expenditures until a mineral property reaches the development stage. Costs related to property acquisitions are capitalized. When it has been established that a mineral property is commercially viable and technically feasible, expenditures are reclassified to mineral properties and mine development costs within mineral properties, plant and equipment.

The establishment of the commercial viability and technical feasibility of a mineral property is assessed based on a combination of factors, including:

(i) Establishment of a proven and/or probable mineral reserves demonstrating a positive financial return; and

(ii) receipt of necessary permits.

Exploration and evaluation assets are tested for impairment immediately prior to reclassification to mineral properties. Upon disposal or abandonment, any consideration received is credited against the carrying amount of the exploration and evaluation assets, with any excess consideration greater than the carrying amount included as a gain in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Inventories

Inventories include stockpiled ore, gold-in-circuit ("GIC"), gold doré, and materials and supplies inventory. The value of all production inventories includes direct production costs and attributable overhead and depreciation incurred to bring the materials to their current point in the processing cycle. General and administrative costs for the corporate office are excluded from any inventories. All inventories are valued at the lower of weighted average cost and net realizable value. Net realizable value is determined with reference to market prices, less estimated future production costs (including royalties) to convert inventories into saleable form.

Stockpiled ore represents mined ore on the surface or underground that is available for further processing. Stockpiled ore value is based on the costs incurred, including depreciation, in bringing the ore to the stockpile. Costs are added to the stockpiled ore based on current mining costs per tonne and are removed at the average cost per tonne of ore in the stockpile.

GIC inventory represents ore that is being treated in the processing plant to extract the contained gold and to convert it to a saleable form. The amount of gold in the GIC inventory is determined by assay values and by measures of the various gold bearing materials in the recovery process. The GIC inventory is valued at the average cost of the beginning inventory and the cost of material fed into the processing plant plus in-circuit conversion costs including applicable mine-site overheads, and depreciation.

Gold doré inventory is gold in the form of saleable doré bars that have been poured. The valuation of gold doré inventory includes the direct costs of mining and processing operations as well as direct mine site overheads and depreciation.

A periodic review is undertaken of material and supplies inventory to determine the extent of any provision for obsolescence. Major spare parts and standby equipment are included in plant and equipment when they are expected to be used during more than one period and if they can only be used in connection with an item of plant and equipment.

g. Mineral Properties, Plant and Equipment

Land is recorded at cost and is not depreciated as it has an unlimited useful life.

Mineral properties and mine development costs

Mine development costs consist of the PureGold Mine carried at cost, less accumulated depreciation. Costs of project development including gaining access to underground resources are capitalized to mineral properties. Once the mineral property is in production, it will be depleted using the units-of-production method. Depreciation is determined each period using gold equivalent ounces mined over the asset's estimated recoverable reserves and resources.

Plant and Equipment

Plant and equipment are measured at cost less accumulated depreciation. The initial cost of an asset is comprised of its purchase price or construction cost, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the estimated future cost of dismantling and removing the asset at the end of its useful life. The purchase price or construction cost is the fair value of consideration to acquire the asset.

Depreciation of plant and equipment commences when the asset has been fully commissioned and is available for its intended use.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Property, Plant and Equipment (continued)

A majority of mine and site infrastructure assets, including buildings and roads, are depreciated using a unit-of-production method over the life of mine. Depreciation is determined using gold ounces produced over the asset's estimated recoverable reserves and resources. The Company reviews estimated reserves and resources annually and when facts and circumstances indicate that a review should be performed. Changes to estimated reserves and resources are accounted for prospectively.

Depreciation of other assets, including those ancillary to the mine are calculated using the straight-line method to allocate costs over the estimated useful lives, as follows:

Asset class	**Estimated useful life**
Mine and mill equipment	10 - 20 years
Mine fleet and light vehicles	2 – 10 years
Office and computer equipment	3 - 20 years

When significant components of an asset have different useful lives, depreciation is calculated on each separate component. Each asset or component's estimated useful life has due regard to both its own physical life limitations and the present assessment of economically recoverable mineral reserves and resources of the PureGold Mine.

Depreciation methods and estimated useful lives and residual values are reviewed annually and when facts and circumstances indicate that a review should be performed. Changes in estimates are accounted for prospectively.

Expenditures on major maintenance or repairs includes the cost of an asset's replacement parts and overhaul costs. Where an asset or part of an asset is replaced, and it is probable that future economic benefits associated with the item will be available to the Company, the expenditure is capitalized and the carrying amount of the item replaced is derecognized. Similarly, overhaul costs associated with major maintenance are capitalized and depreciated over their useful lives where it is probable that the future economic benefits will be available and any remaining carrying amounts of the cost of previous overhauls are derecognized. All other costs are expensed as incurred.

An item of plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between net proceeds on disposal and carrying amount of the asset, is recognized in profit or loss on the consolidated statement of loss.

Construction in progress

Costs recorded for assets under construction are capitalized as construction in progress. On completion, the cost of construction is transferred to the appropriate category of plant and equipment. No depreciation is recorded until the assets are substantially complete and available for their intended use.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to prepare for its intended use are capitalized as part of the cost of the asset. Capitalization of borrowing costs begin when there are borrowings, and activities commence to prepare an asset for its intended use. Capitalization of borrowing costs ends when substantially all activity necessary to prepare a qualifying asset for its intended use are complete. When proceeds of project specific borrowings are invested on a temporary basis, borrowing costs are capitalized net of any investment income. Borrowing costs directly attributable to the construction of the PureGold Mine have been capitalized within Mine Development Costs.

i. Impairment of Non-Current Assets

Mineral properties, plant and equipment and exploration and evaluation assets are evaluated for impairment by management at each reporting date or whenever events or changes in circumstances indicate that the carrying value is impaired and may not be recoverable.

For mineral properties, plant and equipment, if any such impairment indicators exist, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash generating unit to which the asset belongs is determined. The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value less costs of disposal is determined as the amount that would be obtained from the sale of the asset or cash generating unit in an arm's length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value. If the recoverable amount of the asset or cash generating unit is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for that period.

Past impairments are also considered at each reporting period and where there is an indication that an impairment loss may have decreased, the recoverable amount is calculated as outlined above to determine the extent of the recovery. If the recoverable amount of the asset is more than its carrying amount, the carrying amount of the asset is increased to its recoverable amount and the impairment loss is reversed in profit or loss for that period. The increased carrying amount due to reversal will not be more than what the depreciated historical cost would have been if the impairment had not been recognized.

j. Provisions and Constructive Obligations

Provisions for environmental restoration, restructuring costs and legal claims are recognized when the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and when the amount has been reasonably estimated. Provisions are not recognized for future operating losses.

Constructive obligations are obligations that derive from the Company's actions where:

(i) An established pattern of past practice, published policies or a sufficiently specific current statement, the Company has indicated to other parties that it will accept certain responsibilities; and

(ii) As a result, the Company has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Provisions and Constructive Obligations (continued)

The Company records provisions for closure and reclamation based on the best estimate of costs for site closure and reclamation activities that it is legally or constructively required to remediate and the liability is recognized at the time environmental disturbance occurs. The resulting costs are capitalized to the related asset. The provision for closure and reclamation is estimated using expected cash flows and discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The capitalized amount is depreciated on the same basis as the related asset. The liability is adjusted for the accretion of the discounted obligation, the offset of which is charged to the statement of income (loss), and any changes in the amount or timing of the underlying future cash flows.

Changes in closure and reclamation estimates are accounted for as a change in the corresponding capitalized cost. Expenditures on rehabilitation projects for which a provision has been recorded are recorded directly against the provision as incurred, most of which are incurred at the end of the life of the mine.

k. Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset of a period of time in exchange for consideration. To assess whether a contract conveys the right to control the user of an identified asset, the Company assesses whether:

I. the contract involves the use of an identified asset
II. the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
III. the Company has the right to direct the use of the asset

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the right-of-use asset is depreciated from the commencement date to the end of the useful life of the underlying asset.

The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest rate method, and is re-measured when there is a change in future lease payments. When the lease liability is re-measured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Leases (continued)

The Company presents right-of-use assets in 'property, plant & equipment', and lease liabilities in 'lease liabilities' in the statement of financial position. Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

l. Financial Instruments

Measurement – initial recognition

Financial assets and financial liabilities are recognized in the consolidated statements of financial position when we become a party to the contractual provisions of the instrument. On initial recognition, the Company measures a financial asset and financial liability at its fair value plus, in the case of a financial asset and liability not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial instrument. The directly attributable transaction costs of financial assets and liabilities classified as at FVTPL are expensed in the period in which they are incurred.

Measurement – subsequent recognition

Subsequent measurement of financial assets and liabilities depends on the classifications of such assets and liabilities.

(i) Classification of Financial Assets

Financial assets are classified after initial recognition as measured at amortized cost, FVTPL, or fair value through other comprehensive income ("FVOCI").

Amortized cost:

Financial assets that meet the following conditions are measured subsequently at amortized cost:

a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. Interest income is recognized using the effective interest method.

The Company's financial assets classified as subsequently measured at amortized cost include cash, short-term investments, interest and other receivables, and deposits.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Financial Instruments (continued)

(ii) Classification of Financial Liabilities

Financial liabilities that are not contingent consideration in a business combination, held for trading or designated as FVTPL, are measured at amortized cost using the effective interest method.

The Company's financial liabilities classified as subsequently measured at amortized cost include accounts payable, accrued and other liabilities and loans and borrowings, which includes the Company's credit facility, and production payment agreement. The Company's financial liabilities classified as FVTPL include the derivative liabilities relating to the Company's credit facility, as well as the gold stream. Financial liabilities are classified as current or non-current based on their maturity date.

Transaction costs directly attributable to the issuance of the Credit Facility and PPA are capitalized and expensed using the effective interest rate method. Transaction costs directly attributable to the Gold Stream obligation were expensed through profit or loss.

(iii) Derivative liabilities

Derivatives are classified as FVTPL and initially recognized at their fair value on the date the derivative contract is entered into and transaction costs are expensed. Derivatives are subsequently re-measured at their fair value at each statement of financial position date with changes in fair value recognized in net income or loss. Fair values for derivative instruments are determined using valuation techniques, with assumptions based on market conditions existing at the statement of financial position date or settlement date of the derivative.

Derivatives embedded in financial liabilities or non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to their host contracts.

The Company's gold stream agreement with Sprott Resource Lending Corp. (the "Gold Stream") (Note 9), allows the Company to net settle the obligation. As such, for accounting purposes, the Company determined that the Gold Stream obligation represents a standalone derivative obligation.

m. Share Capital

The Company records in share capital proceeds from share issuances, net of issue costs and any tax effects. The fair value of common shares issued as consideration for exploration and evaluation assets is based on the trading price of those shares on the TSX-V on the date the shares are issued. Proceeds from unit placements are allocated between shares and warrants issued according to their relative fair value.

n. Flow-Through Shares

The Company will from time to time, issue flow-through common shares to finance Canadian exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into: i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon filing of the required forms with the Government of Canada to renounce the tax deductibility of qualifying resource expenditures to investors, the Company derecognizes the liability to the extent the qualifying resource expenditures have been made as of that date and recognizes a deferred tax recovery for the amount of the tax reduction renounced to the shareholders that relates to the qualifying expenditures made.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Flow-Through Shares (continued)

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at a statement of financial position date is disclosed separately as flow-through expenditure commitments. The Company is also subject to Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as an expense until paid.

o. Share-Based Payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. Share-based payments to employees and others providing similar services are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The offset to the recorded cost is to equity reserves. Stock options and other equity instruments issued as purchase consideration in non-monetary transactions are recorded at fair value determined by management using the Black-Scholes option pricing model. Consideration received on the exercise of stock options is recorded as share capital and the related equity reserve amount is transferred to share capital. Where awards are forfeited because non-market based vesting conditions are not satisfied, the expense previously recognized is proportionately reversed in the period the forfeiture occurs.

p. Loss per Share

Loss per share is computed by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the period. For diluted loss per share, the weighted average number of common shares used to calculate the dilutive effect assumes that the proceeds that could be obtained upon exercise of options, warrants and similar instruments would be used to purchase common shares at the average market price during the period. In periods where a net loss is incurred, basic and diluted loss per share is the same as the effect of outstanding stock options and warrants would be anti-dilutive.

q. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts for mineral sales in the normal course of business. The Company produces doré which contain both gold and silver. The doré is further processed to produce refined metals for sale. The Company's performance obligations relate primarily to the delivery of mine production in refined form to its customers.

Revenue is recognized when control is transferred to the customer. Control transfers when a product is delivered to the customer, the customer has full discretion over the product and there is no unfulfilled obligation that could affect the customer's acceptance of the product.

Control over the refined gold or silver produced from doré is transferred to the customer and revenue recognized upon delivery to the customer's bullion account. Sales of refined gold are recorded at the spot price on the date of delivery to the customer's bullion account with payment received on the same day. Sales of silver are recorded at the spot price on the date of sale.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Resource Tax Credits

The Company recognizes resource tax credit amounts when the Company's application for such credits is approved by the relevant jurisdiction or when the amount to be received can be reasonably estimated and collection is reasonably assured. Resource tax credit amounts are accounted for as a credit to exploration and evaluation expenditures in the statement of income (loss).

s. Income Taxes

The Company uses the statement of financial position method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is not probable that the related tax benefit will be realized.

4. ACCOUNTING STANDARDS RECENTLY ADOPTED

Interest Rate Benchmark Reform – Phase 2 Amendments

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

The Company's Credit Facility (Note 9) accrues interest at a floating rate equal to a base rate plus the greater of i) the London interbank offered rates ("LIBOR") and ii) 2.50% per annum, and has not yet transitioned to alternative benchmark rates at the end of the current reporting period. The Company is working with the lenders to assess the potential alternatives to the use of the LIBOR.

Accounting standards issued not yet adopted during the year

On May 14, 2020, the International Accounting Standard Board (IASB) published a narrow scope amendment to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use. The amendment prohibits deducting from the cost of property, plant and equipment amounts received from selling items produced while preparing the asset for its intended use. Instead, amounts received will be recognized as sales proceeds and the related costs in profit or loss. The effective date is for annual periods beginning on or after January 1, 2022. During the fiscal year ended December 31, 2021, the Company capitalized $24,564 of proceeds received from gold sales. As a result of the adoption of the amendments to IAS 16, the Company will restate its comparative period balances, to reclassify the 2021 proceeds received from gold sales with associated cost of sales from mineral properties, plant and equipment, to mine operating loss on the statement of loss and comprehensive loss.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

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

<u>Key accounting judgments</u>

(i) Impairment of non-financial assets

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

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

(ii) Commercial Production

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

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

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

The Company achieved commercial production on August 1, 2021.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Estimates and assumptions

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

(i) Decommissioning, Restoration and Similar Liabilities

Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation costs. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements and constructive obligations and are measured at the present value of discounted cash flows for the estimated liabilities. Carrying value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration and similar liabilities that may occur upon decommissioning of certain of the Company's assets. Such estimates are subject to change based on changes in laws and regulations and interpretations by regulatory authorities.

(ii) Fair value of derivatives and other financial liabilities

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

(iii) COVID-19 Estimation Uncertainty

During the year ended December 31, 2021, the COVID-19 pandemic continued to impact global economic and financial markets, disrupting global supply chains and workforce participation. Many industries and business, including the Company, continue to be impacted by the COVID-19 pandemic. To date there has been significant volatility in equity, commodity and foreign exchange markets and the global movement of people and some goods has become restricted. 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. There remains ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts that it may have on future production, cash flows and on global financial markets. In addition, the significant volatility in commodity and foreign exchange markets may have a material impact on the fair value of the Company's embedded derivatives in the Credit Facility and the Gold Stream.

(iv) Valuation of inventory

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

(Expressed in thousands of Canadian Dollars, except for per share and share amounts, unless otherwise noted)

6. AMOUNTS RECEIVABLE

Amounts receivable are comprised of the following:

	December 31, 2021	December 31, 2020
Refundable goods and services tax/ harmonized sales tax	$ 1,175	$ 4,017
Other receivables	16	622
Total	**$ 1,191**	**$ 4,639**

7. INVENTORY

Inventory is comprised of the following:

	December 31, 2021	December 31, 2020
Ore in stockpile	$ 240	$ 1,550
In circuit metals	1,951	663
Finished goods	2,969	-
Total metals inventory	5,160	2,213
Materials and supplies	3,714	954
Total	**$ 8,874**	**$ 3,167**

During the year ended December 31, 2021, the Company had an inventory write-down of $6,232 to adjust its metals inventory to its net realizable value (2020 - $ nil). The adjustment was recognized to the Statement of Loss and Comprehensive Loss.

8. MINERAL PROPERTIES, PLANT AND EQUIPMENT

	Year ended December 31, 2021				
Cost	**Mineral Properties and Mine Development ($)**	**Construction in Progress ($)**	**Plant and Equipment ($)**	**Land ($)**	**Total ($)**
December 31, 2020	90,210	82,070	19,233	5,049	196,562
Additions	77,881	20,985	9,090	-	107,956
Proceeds from gold sales	(24,664)	-	-	-	(24,664)
Capitalized borrowing costs	7,455	-	-	-	7,455
Reclamation provision	(2,218)	-	-	-	(2,218)
Transfers	(495)	(101,091)	101,586	-	-
December 31, 2021	148,169	1,964	129,909	5,049	285,091
Accumulated Depreciation					
December 31, 2020	-	-	(3,677)	-	(3,677)
Depreciation	(1,831)	-	(6,223)	-	(8,054)
December 31, 2021	(1,831)	-	(9,900)	-	(11,731)
Carrying Amounts					
December 31, 2020	90,210	82,070	15,556	5,049	192,884
December 31, 2021	146,338	1,964	120,009	5,049	273,360

(Expressed in thousands of Canadian Dollars, except for per share and share amounts, unless otherwise noted)

8. MINERAL PROPERTIES, PLANT AND EQUIPMENT (continued)

Year ended December 31, 2020					
Cost	**Mineral Properties and Mine Development ($)**	**Construction in Progress ($)**	**Plant and Equipment ($)**	**Land ($)**	**Total ($)**
December 31, 2019	29,329	7,663	7,869	5,049	49,910
Additions	50,101	74,597	11,174	-	135,872
Capitalized borrowing costs	5,735	-	-	-	5,735
Reclamation provision	5,044	-	-	-	5,044
Transfers	-	(190)	190	-	-
December 31, 2020	90,209	82,070	19,233	5,049	196,561
Accumulated Depreciation					
December 31, 2019	-	-	(1,095)	-	(1,095)
Depreciation	-	-	(2,582)	-	(2,582)
December 31, 2020	-	-	(3,677)	-	(3,677)
Carrying Amounts					
December 31, 2019	29,329	7,663	6,774	5,049	48,815
December 31, 2020	90,209	82,070	15,556	5,049	192,884

Depreciation on assets used in the development of the PureGold Mine of $2,345 has been capitalized and included in the carrying value of mineral properties (December 31, 2020 - $2,338). Subsequent to the date of commercial production of August 1, 2021, all depreciation has been expensed to the Statement of Loss and Comprehensive Loss.

Mineral properties

Mineral properties consist solely of the 100% owned PureGold Mine. The PureGold Mine is located in the Red Lake gold camp of Northwestern Ontario. In June 2014, the Company acquired a 100% interest in the Newman-Madsen Property. The Newman-Madsen Property is considered part of the PureGold Mine.

Certain of the Newman-Madsen claims acquired are subject to royalty arrangements based on Net Smelter Returns ("NSRs") ranging from 0.5% to 3%. Of the known resources on the PureGold Mine, only the Russet South resources are subject to a 2% NSR which is capped at $2,000.

In March 2017, the Company acquired a 100% interest in the Derlak Gold Property. The Derlak Gold Property is considered part of the PureGold Mine. The 11 claims acquired are subject to a royalty arrangement based on a Net Smelter Return ("NSR") of 3%.

The Company has a project agreement (the "Agreement") with Wabauskang First Nation and Lac Seul First Nation (together the "First Nations") with respect to the PureGold Mine. The Agreement provides for communication, cooperation, and collaboration between the First Nations and the Company, 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. Under the terms of the Agreement, the Company issued 500,000 common shares to each First Nation on August 19, 2019. At the time of issuance, the 1,000,000 common shares had a fair value of $630.

(Expressed in thousands of Canadian Dollars, except for per share and share amounts, unless otherwise noted)

9. LOANS AND BORROWINGS

	Credity Facility (a)	Interest rate floor derivative (b)	Production Payment Agreement (c)	Total
Loans and borrowings at January 1, 2020	14,213	704	4,097	19,014
Advance on Credit Facility	72,900	-	-	72,900
Deferred charges	(9,936)	-	-	(9,936)
Interest and accretion	4,359	-	514	4,873
Loss on change in fair value of derivative	-	8,129	-	8,129
Amortization of deferred charges	768	-	-	768
Foreign exchange gain	(2,954)	(557)	(105)	(3,616)
Loans and borrowings at December 31, 2020	**79,350**	**8,276**	**4,506**	**92,132**
Advance on Credit Facility	24,981	-	-	24,981
Deferred charges	(1,676)	-	-	(1,676)
Interest and accretion	10,362	-	468	10,830
Interest payment	(2,751)	-	-	(2,751)
Production payment	-	-	(277)	(277)
Change in fair value of derivative	-	(2,077)	-	(2,077)
Amortization of deferred charges	2,097	-	-	2,097
Foreign exchange (gain) loss	151	(10)	(15)	126
Loans and borrowings at December 31, 2021	**112,514**	**6,189**	**4,682**	**123,385**
Current	**(7,644)**	**-**	**(537)**	**(8,181)**
Loans and borrowing non-current	**104,870**	**6,189**	**4,145**	**115,204**

a. Credit Facility

On August 6, 2019 the Company closed a project financing package with Sprott Resource Lending Corp. ("Sprott") for the construction of the PureGold Mine. The financing package consisted of a) a US$65,000 senior secured non-revolving Credit Facility (the "Credit Facility"), b) the Production Payment Agreement ("PPA") and c) the Gold Stream Agreement. The three elements of the financing were negotiated concurrently and accordingly were considered together in determining their initial fair values. At the end of December 31, 2020, the full amount of the US$65,000 had been drawn.

In March 2021, the Company amended its Credit Facility (the "First Amendment") to increase the amount available to the Company by a further USD $20,000. The Company received USD $12,500 in April 2021, upon closing of the First Amendment, with Sprott making available an additional USD $0.50 of aggregate principal amount, up to a maximum of USD $7,500, for every USD $1.00 raised by the Company within a period of three months from closing of the First Amendment. The First Amendment also provided for minor changes to certain working capital covenants. All other key terms and conditions of the Credit Facility remained unchanged. As a result of the equity financing completed during Q2 2021 (Note 12b), the remaining USD $7,500 became available under the First Amendment and was drawn down in June 2021. In consideration of the First Amendment, the Company issued 714,229 common shares of the Company to Sprott, which on the date of issue had a fair value of USD $874. These common shares have been accounted for as deferred finance costs, and proportionately included in the amortized cost of the respective drawdowns, and are amortized on an effective interest rate basis over the life of the Credit Facility.

9. LOANS AND BORROWINGS (continued)

a. Credit Facility (continued)

Security provided for the financing package with Sprott includes: a) general security in favour of Sprott, and b) a debenture of the Company charging all of its interest in the PureGold Mine Project in favour of Sprott.

Interest accrues on the outstanding principal amount of the Credit Facility at a floating rate equal to a base rate of:

I. 6.75% per annum (during the period commencing on August 6, 2019 and ending no later than December 31, 2021 ("Completion Date") (*subsequently amended, refer to "Second Amendment" below*), and
II. 5.50% per annum (at all time on and after the Completion Date)

plus the greater of (i) LIBOR and (ii) 2.50% per annum. All interest payable from August 6, 2019 until March 31, 2021 (the "Availability Period") was capitalized and added to the principal loan amount. At all times following the last day of the Availability Period, which was August 6, 2019 to March 31, 2021, all interest was payable in cash. Principal and accrued interest are payable quarterly from September 30, 2022 to March 30, 2026 and quarterly repayments range from 2.5% to 5% of the total amount advanced. The Credit Facility matures on August 6, 2026.

Upon completion as defined in the Credit Facility agreement, which will occur when construction is complete and the PureGold Mine Project has successfully completed an agreed completion test, the Company is required to pay additional interest on the outstanding principal amount of the Credit Facility in the amount of US$1,463 payable, at Sprott's option, either in cash or in common shares issued at a deemed price equal to a 10% discount of the volume weighted average trading price of the Company's common shares as they trade on the TSXV for the five trading days immediately prior to completion.

In December 2021, the Company signed a second amendment (the "Second Amendment") to its Credit Facility, to amend certain working capital covenants as well as to defer the above defined Completion Date from December 31, 2021 to June 30, 2022. The Company's prepayment option (discussed below) was also amended from August 6, 2021 to January 1, 2023. In addition, the Company's quarterly interest payment owing on December 31, 2021 as well as the above noted additional interest payment of US$1,463, was deferred to be paid in cash in February 2022.

The Credit Facility is accounted for as a financial liability subsequently measured at amortized cost under IFRS 9. All draws on the Credit Facility were subject to an issue discount of 2%. The issue discount, along with all deferred finance costs, have been proportionately included in the amortized cost of each of the drawdowns, and are amortized on an effective interest rate basis over the life of the Credit Facility. The weighted average effective interest rate of the drawdowns was 11.1% (2020 – 11.1%). Accrued interest has been capitalized as borrowing costs within mine properties, plant and equipment, until the mine assets are available for their intended use, which occurred on August 1, 2021, at which point, interest was recognized in the statement of profit or loss.

The Company may elect to prepay the outstanding principal balance in whole or in part provided that the Company makes such prepayment during the period commencing January 1, 2023 (formerly August 6, 2021, pre-Second Amendment), except with prior written consent of Sprott. If a permitted prepayment event occurs at any time on or prior to August 7, 2022, the Company is required to pay an additional amount equal to 3% of the amount of such prepayment if it is repaid anytime prior to January 1, 2023. Any prepayment after this date does not carry any penalty. The prepayment option has been determined to be an embedded derivative that is not closely related to the Credit Facility, and is bifurcated and accounted for separately. At each reporting period, the derivative is fair valued with changes in fair value recorded as an expense in profit or loss. As at December 31, 2021 this derivative has a nominal fair value (December 31, 2020 – nil).

As at December 31, 2021, the Company was in compliance with all covenants.

(Expressed in thousands of Canadian Dollars, except for per share and share amounts, unless otherwise noted)

9. LOANS AND BORROWINGS (continued)

b. Interest rate floor derivative

The floating interest rate floor of 2.5% over the base rate was determined to be an embedded derivative that is not closely related to the Credit Facility, and as such was bifurcated and accounted for separately. At each reporting period, the derivative is fair valued with changes in fair value recorded as a gain or loss in the statement of profit or loss.

c. Production Payment Agreement

On August 7, 2019, the Company entered into a PPA with Sprott, whereby the Company received an advance payment of US$3,982 from Sprott. Repayment of the advance will be completed through monthly production payments, equal to US$0.01 multiplied by the number of ounces of gold sold during the period from August 6, 2019 until 500 ounces of gold has been produced (the "Participation Amount"). The Company has a right to terminate this agreement at any time upon payment of a termination fee equal to the outstanding Participation Amount multiplied by US$0.01.

The PPA has been classified as a financial liability subsequently measured at amortized cost under IFRS 9. The Company recorded the PPA at fair value on inception, with directly attributable transaction costs being capitalized and expensed throughout the life of the PPA. The effective interest rate has been determined to be approximately 11.7% per annum. Interest incurred on the PPA has been capitalized as borrowing costs to mine property, plant and equipment, until the mine assets are available for their intended use, at which time interest is expensed to profit and loss.

10. GOLD STREAM DERIVATIVE LIABILITY

		Gold Stream derivative liability
Balance at January 1, 2020		37,614
Loss on change in fair value		8,556
Foreign exchange gain		(1,978)
Balance at December 31, 2020	**$**	**44,192**
Loss on change in fair value		2,475
Gold stream payments		(1,732)
Foreign exchange gain		(220)
Balance at December 31, 2021	**$**	**44,715**
Current		**(2,408)**
Gold stream derivative non-current	**$**	**42,307**

The Company received a US$25,000 advance (the "Deposit") on August 7, 2019 from Sprott as a prepayment for 5.0% of the gold production until 50 ounces of refined gold has been delivered, after which the Gold Stream reduces to 2.5% of gold production.

(Expressed in thousands of Canadian Dollars, except for per share and share amounts, unless otherwise noted)

10. GOLD STREAM DERIVATIVE LIABILITY (continued)

For each ounce of refined gold delivered to Sprott in accordance with the Gold Stream, the Company will receive a purchase price equal to 30% of the London Bullion Market Association gold price in U.S. dollars quoted by the London Bullion Market Association (the "Gold Reference Price") at the date of calculation (the "Fixed Gold Price"). The Deposit amount is used to track the Gold Stream balance for commercial, but not accounting purposes. Until the date where the Deposit is reduced to zero, an amount equal to the number of ounces of refined gold sold multiplied by the difference between the Gold Reference Price and the Fixed Gold Price shall reduce the uncredited balance of the Deposit on the delivery date.

The Gold Stream has an initial term of 30 years from August 6, 2019. The term is automatically extended by successive 10 year periods as long as the life of mine continues for the PureGold Mine. If by the end of the life of mine, the Company has not sold to Sprott an amount of refined gold sufficient to reduce the Deposit to nil, then a refund of the uncredited balance, without interest shall be due and owing by the Company to Sprott.

Instead of accepting ounces of refined gold, at each outturn date, Sprott may instead require the Company to pay in cash, an amount equal to the product arrived at by multiplying the number of ounces of refined gold to be sold by the difference between the Gold Reference Price and the Fixed Gold Price.

The Company can elect to reduce the amount of remaining refined gold to be sold to Sprott to nil on June 30, 2022 by paying Sprott US$38,000.

The Gold Stream was accounted for as a standalone derivative measured at fair value through profit or loss ("FVTPL"). The Company considered whether the Gold Stream would qualify as an 'own use contract', whereby it would not require fair value accounting under IFRS. An 'own use contract' is one that results in the physical delivery of a company's non-financial asset. The Gold Stream failed to qualify under the 'own use exemption' as a result of the net settlement provisions within the Gold Stream agreement.

The fair value of the Gold Stream is calculated at each reporting date with gains and losses recorded in net earnings.

11. PROVISION FOR CLOSURE AND RECLAMATION

The Company has recognized a liability relating to its PureGold Mine and has determined that no significant closure and reclamation liabilities exist in connection with the activities on its other properties. The Company has calculated the present value of the closure and reclamation provision at December 31, 2021 using a pre-tax discount rate of 1.42% and inflation rate of 2.00% (December 31, 2020 – 0.67% and 2.00%, respectively). The estimated total future undiscounted, but inflation-adjusted, cash flows to settle the provision for closure and reclamation at December 31, 2021 is $23,067 (December 31, 2020 - $23,528). The Company has estimated that payments will be made in 2032 (December 31, 2020 – 2032).

	December 31, 2021	December 31, 2020
Balance, beginning of the period	$ 21,715	$ 16,509
New estimated cash flows and changes in estimates	-	5,241
Effect of changes in discount rate	(2,203)	(197)
Accretion on discounted obligation	238	162
Balance, end of the year	**$ 19,750**	**$ 21,715**

(Expressed in thousands of Canadian Dollars, except for per share and share amounts, unless otherwise noted)

12. LEASES

a. Right-of-use assets

The Company leases assets such as office space, mobile equipment and equipment. These assets are classified as property, plant and equipment in the statement of financial position.

Balance – January 1, 2020	$	573
Additions		5,565
Depreciation		(284)
Balance – December 31, 2020		5,854
Additions		8,591
Depreciation		(1,636)
Balance – December 31, 2021	**$**	**12,809**

The Company's lease with respect to its head office premises is held and paid by Oxygen (Note 20) pursuant to the Oxygen Agreement (Note 20).

b. Lease liabilities

The following table relates to all leases identified under IFRS 16:

Balance – December 31, 2019	$	571
Additions		5,565
Principal payments		(963)
Finance charge		159
Balance – December 31, 2020		5,332
Additions		8,591
Principal payments		(4,789)
Finance charge		630
Balance – December 31, 2021		9,764
Less: current portion		(5,494)
Long term lease liability – December 31, 2021	**$**	**4,270**

Minimum lease payments in respect of the above lease liabilities and the effects of discounting are as follows:

	Up to 1 year		1 to 5 years		Total	
Minimum lease payments	$	5,883	$	4,394	$	10,277
Finance charge		(389)		(124)		(513)
Total principal payments	**$**	**5,494**	**$**	**4,270**	**$**	**9,764**

Total undiscounted lease payments excludes leases that are classified as short-term and leases for low-value assets, which are not recognized as lease liabilities.

For the year ended December 31, 2021, the Company recognized $630 in interest expense on lease liabilities (2020 - $159) of which $272 was recognized in the statement of loss and comprehensive loss (2020 - $159) and $358 was capitalized to mine development within mineral properties, plant and equipment (2020 – nil). Subsequent to the date of commercial production of August 1, 2021, all interest expense has been expensed to the Statement of Loss and Comprehensive Loss

12. LEASES (continued)

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. The Company expensed $91 of variable lease payments during the year ended December 31, 2021 (2020 - $108).

13. EQUITY

a. Share Capital

The Company's authorized share capital consists of an unlimited number of common shares without par value.

b. Equity Financings

On October 15, 2021, the Company completed a non-brokered private placement whereby the Company issued a total of 3,307,619 units of the Company at a price of $1.05 per unit for total proceeds of $3,473. Each unit consists of one common share of the Company and one-half of one common share purchase warrant. Each warrant is exercisable at a price of $1.36 per warrant, with an expiry date of April 15, 2023.

On September 28, 2021, the Company completed a bought-deal offering of 21,905,200 units at a price of $1.05 per unit for gross proceeds of $23,000. Each unit consists of one common share of the Company and one-half of one common share purchase warrant (each whole common share purchase warrant). Each warrant is transferrable and entitles the holder to acquire one common share of the Company until March 28, 2023 at a price of $1.36 per warrant. In connection with the bought-deal offering, the Company paid the underwriters a cash commission equal to 5% of the gross proceeds.

On May 5, 2021, the Company completed a bought-deal offering of 11,348,700 Flow Through Shares (the "FT Shares") at a price of CAD $1.52 per FT Share, for gross proceeds of $17,250. In connection with the bought-deal, the Company paid commissions, legal fees and filing fees totaling $1,200, and recognized a flow-through premium liability of $3,405 (Note 22). In February 2022, the Company filed its renunciation forms for the qualifying expenditures, and as at December 31, 2021 had incurred all required qualifying expenditures.

On June 17, 2020, the Company completed a non-brokered private placement of 9,868,421 Charity Flow Through Shares (the "Charity FT Shares") at a price of CAD $1.52 per Charity FT Share, for gross proceeds of $15,000. In connection with the private placement, the Company paid commissions, legal fees and filing fees totaling $1,017, and recognized a flow-through premium liability of $3,257. In February 2022, the Company filed its renunciation forms for the qualifying expenditures, and as at December 31, 2021 had incurred $9,500 of qualifying expenditures to date. The Company decreased its flow-through premium liability and recognized a deferred tax recovery of $2,100 relating to the proportion of qualifying expenditures that had been incurred to date at December 31, 2021 (Note 22).

(Expressed in thousands of Canadian Dollars, except for per share and share amounts, unless otherwise noted)

13. EQUITY (continued)

c. Share Purchase Warrants

Details of share purchase warrants issued, exercised, expired and outstanding as at and during the year ended December 31, 2021 and the year ended December 31, 2020 are as follows:

	Number of Warrants	Weighted Average Exercise Price (CAD)
Outstanding Balance – December 31, 2019	57,672,000	$0.85
Exercised	(22,794,000)	$0.85
Outstanding Balance – December 31, 2020	34,878,000	$0.85
Issued	12,606,410	$1.36
Exercised	(3,100,499)	$0.85
Outstanding Balance – December 31, 2021	**44,383,911**	**$0.99**

Exercise of warrants

In connection with the warrants exercised during the year ended December 31, 2021, the related fair value amount of $350 (2020 – $2,624) was transferred from equity reserves to share capital.

d. Stock Options

The Company has established a share purchase option plan (the "Stock Option Plan") whereby the board of directors may, from time to time, grant options to directors, officers, employees, consultants or technical and administrative company employees. Options granted must be exercised no later than five years from the date of grant or such lesser or greater period as may be determined by the Company's board of directors and in accordance with the policies of the TSX-V. The exercise price of an option must be determined by the board of directors and in accordance with the Plan and the policies of the TSX-V. Subject to the policies of the TSX-V, the board of directors may determine the time during which options shall vest and the method of vesting, or that no vesting restriction shall exist. The Company applies the fair value based method of accounting for options.

At December 31, 2021, the following options are outstanding and exercisable:

Expiry Date	Weighted Average Exercise Price Options Outstanding	Number of Options Outstanding	Weighted Average Remaining Life in Years	Number of Options Exercisable
March 31, 2022	$0.71	156,666	0.24	156,666
December 15, 2022	$0.49	4,250,000	0.96	4,250,000
May 6, 2024	$0.54	133,334	2.35	66,667
November 18, 2024	$0.64	250,000	2.88	166,666
December 13, 2024	$0.74	4,500,001	2.95	4,500,001
February 19, 2025	$0.77	350,000	3.14	350,000
December 17, 2025	$2.84	1,860,000	3.96	1,269,999
January 1, 2026	$2.60	400,000	4.01	133,333
October 27, 2026	$0.97	350,000	4.82	-
	$1.04	**12,250,001**	**2.46**	**10,893,332**

(Expressed in thousands of Canadian Dollars, except for per share and share amounts, unless otherwise noted)

13. EQUITY (continued)

d. Stock Options (continued)

The options exercisable at December 31, 2021 have a weighted average exercise price of $0.91.

Details of options granted, exercised, expired and forfeited during the years ended December 31, 2021 and 2020 are as follows:

	Number of Options	Weighted Average Exercise Price
Balance – December 31, 2019	19,855,000	$0.49
Granted during the year	2,605,000	$2.41
Exercised during the year	(6,351,664)	$0.31
Expired during the year	(350,000)	$0.28
Forfeited during the year	(115,001)	$0.65
Balance – December 31, 2020	15,643,335	$0.86
Granted during the year	1,050,000	$1.77
Exercised during the year	(3,180,000)	$0.47
Expired during the year	(575,000)	$0.48
Forfeited during the year	(688,334)	$1.73
Balance – December 31, 2021	**12,250,001**	**$1.04**

Granting of Options

The fair value of newly granted options are calculated using the Black-Scholes option pricing model. For all grants, the assumed dividend yield and forfeiture rate were nil and nil, respectively. Other conditions and assumptions for options granted in the years ended December 31, 2021 and 2020 were as follows:

Grant Date	Expected Life of Options in Years	Exercise Price	Risk-free Interest Rate	Volatility	Weighted Average Black-Scholes Fair Value
Feb 19, 2020	5.0	$0.77	1.36%	50.94%[1]	$0.35
June 24, 2020	5.0	$1.54	0.38%	49.25%[1]	$0.65
December 17, 2020	4.6	$2.84	0.45%	41.75%[1]	$1.01
January 1, 2021	4.6	$2.60	0.39%	61.49%[1]	$1.29
May 27, 2021	4.8	$1.60	0.90%	53.25%[1]	$0.72
October 27, 2021	5.0	$0.97	1.42%	55.71%[1]	$0.47

[1]Volatility was determined using the average historic volatility of the Company, calculated over the same period as the expected life of the option.

Options granted are typically subject to vesting provisions whereby one third vest one year from the grant date, one third vest two years from the grant date, and one third vest three years from the grant date.

During the year ended December 31, 2021, the Company recognized $1,097 of share-based compensation (2020 - $1,927), of which $228 (2020 - $475) was capitalized to mine development within mineral properties, plant and equipment, and $869 (2020 - $1,452) was expensed to the statement of loss and comprehensive loss. Subsequent to the date of commercial production of August 1, 2021, all share-based compensation has been expensed to the Statement of Loss and Comprehensive Loss.

(Expressed in thousands of Canadian Dollars, except for per share and share amounts, unless otherwise noted)

13. EQUITY (continued)

d. Stock Options (continued)

Exercise of Options

The weighted average share price on the date stock options were exercised during the year ended December 31, 2021 was $1.29 (2020 – $2.25). In connection with these option exercises, the related fair value amount of $1,041 (2020 - $1,359) was transferred from equity reserves to share capital.

e. Deferred Share Units ("DSU")

The Company has established a deferred share unit plan (the "DSU Plan") whereby the board of directors may, from time to time, grant DSUs to non-employee directors of the Company. The DSUs vest immediately and can be redeemed by the holder during the period commencing immediately following a termination of the holders' position as a director and ending on the 90th day following such termination date. The current maximum number of common shares authorized for issue under the DSU plan is 3,000,000.

A summary of DSU activity during the period is as follows:

	Number of DSUs
Outstanding Balance – December 31, 2019	-
Granted	1,078,306
Outstanding Balance – December 31, 2021 and 2020	**1,078,306**

There was no DSU expense recognized during the year ended December 31, 2021 (2020 - $2,990).

f. Restricted Share Units ("RSU")

The Company has established a restricted share unit plan (the "RSU Plan") whereby the board of directors may, from time to time, grant RSUs to employees of the Company. The board of directors may determine the time during which the RSUs shall vest and the method of vesting, or that no vesting restriction shall exist. The current maximum number of common shares authorized for issue under the RSU plan is 7,000,000.

A summary of RSU activity during the period is as follows:

	Number of RSUs
Outstanding Balance – December 31, 2019	-
Granted	1,134,930
Outstanding Balance – December 31, 2020	1,134,930
Granted	200,000
Exercised	(155,962)
Forfeited	(188,334)
Outstanding Balance – December 31, 2021	**990,634**

RSU expense for the year ended December 31, 2021 was $1,216 (2020 - $781) of which $316 was capitalized to mine development within mineral properties, plant and equipment (2020 – nil), and $900 was recorded within Share-based payment expense in the Statement of Loss and Comprehensive Loss (2020 - $781). Subsequent to the date of commercial production of August 1, 2021, all RSU expense has been recognized in the Statement of Loss and Comprehensive Loss.

(Expressed in thousands of Canadian Dollars, except for per share and share amounts, unless otherwise noted)

14. REVENUE

Revenue comprised the following:

	Year ended December 31, 2021	Year ended December 31, 2020
Gold revenue – Spot sales	$ 31,988	$ -
Less: refining and shipping costs	(106)	-
Total	**$ 31,882**	**$ -**

15. COST OF SALES

Cost of sales are comprised of the following:

	Year ended December 31, 2021	Year ended December 31, 2020
Labour wages and benefits	$ 17,825	$ -
Raw materials and consumables	8,187	-
Contractors	13,936	-
Site administrative costs	3,476	-
Depreciation and depletion	5,458	-
Production costs	48,882	-
Change in inventory	(4,134)	-
Inventory write-down	6,232	
Total	**$ 50,980**	**$ -**

16. CORPORATE ADMINISTRATIVE COSTS

Corporate administrative costs are comprised of the following:

	Year ended December 31, 2021	Year ended December 31, 2020
Wages, consulting and director fees	$ 2,456	$ 2,536
Share-based compensation	1,570	4,946
Professional fees	1,325	1,801
Investor relations	728	1,182
Office costs	724	663
Corporate listing and filing fees	570	345
Depreciation	162	160
Total	**$ 7,535**	**$ 11,633**

(Expressed in thousands of Canadian Dollars, except for per share and share amounts, unless otherwise noted)

17. INTEREST AND FINANCING COSTS

Interest and financing costs are comprised of the following:

	Year ended December 31, 2021	Year ended December 31, 2020
Credit Facility interest expense	$ 5,669	$ -
Deferred transaction costs amortization	167	-
Financing fees on leases	272	57
Reclamation accretion expense	238	163
Total	**$ 6,346**	**$ 220**

Prior to the start of commercial production on August 1, 2021, Credit Facility interest expense and deferred transaction costs were capitalized to Mineral Properties, plant and equipment.

18. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES

Details of the Company's exploration and evaluation expenditures, which have been expensed in the statement of income (loss) and comprehensive income (loss), are as follows:

PureGold Mine[1]	Year ended December 31, 2021	Year ended December 31, 2020
Drilling	$ 2,404	$ 5,144
Geophysics and geology	746	862
Salaries, wages and benefits	293	291
Geographic modelling	120	-
Depreciation	87	87
Administrative and other	29	243
Expenditures for the year	**$ 3,679**	**$ 6,627**

(1) *Subsequent to August 7, 2019, exploration expenditures at the PureGold Mine relate to expenditures on satellite deposits that were not part of the original PureGold Mine feasibility study and for which the technical feasibility and commercial viability have not yet been determined.*

(2) *Other properties include Van Horne and generative projects.*

Van Horne Property, Ontario

The Company has an option agreement with KG Exploration Canada Inc. ("Kinross") a subsidiary of Kinross Gold Corp. whereby Kinross has the option to acquire up to a 70% interest in the Company's Van Horne property. To earn its 70% interest Kinross must spend a total of $4,000 on Van Horne over a four year period, commencing March 2018, with a committed minimum of $750 in year one (completed), and pay the Company $100 (completed). Kinross may also satisfy the expenditures by making a cash payment to the Company. During the first quarter of 2021, Kinross provided notice to the Company that it had completed it's earn-in to 70% of the project.

(Expressed in thousands of Canadian Dollars, except for per share and share amounts, unless otherwise noted)

19. INCOME TAXES

a. The income tax provision for the year ended December 31, 2021 differs from the amount that would have resulted from applying combined Canadian federal and provincial income tax rates of 27% (2020 – 27%).

Year ended December 31,	2021	2020
Loss before income taxes	$ (36,989)	$ (27,803)
Statutory Canadian federal and provincial tax rates	27%	27%
Expected tax recovery	(9,987)	(7,506)
Adjustments:		
Flow through shares	2,720	1,397
Flow through premium liabilities	(2,073)	(850)
Permanent differences	849	1,331
Difference in tax rates	195	920
Benefit not recognized and other	6,223	3,859
Income tax (recovery) expense	**$ (2,073)**	**$ (850)**

b. Deferred income taxes arise from temporary differences in the recognition of income and expenses for financial and tax purposes. The Company has no net deferred tax assets and (liabilities). The deferred tax assets that have been applied against the deferred tax (liabilities) are as follows:

	2021	2020
Mineral properties	$ (30,086)	$ (5,649)
Non capital loss carried forward	30,086	5,649
Recognized deferred tax asset and liabilities	**$ -**	**$ -**

c. The following are deferred income tax assets, the benefits of which have not been recognized at December 31, 2021 and 2020:

	2021	2020
Non-capital loss carry-forwards	$ 22,226	$ 16,708
Share issuance and other financing costs	8,215	6,651
Reclamation provision	5,367	5,863
Exploration and evaluation assets	-	-
Total deferred tax assets	**$ 35,808**	**$ 29,222**

d. The Company has non-capital losses which may be applied to reduce future year's taxable income. At December 31, 2021, the non-capital losses amounted to $193,747 (2020 – $82,707) which will expire between the years 2025 and 2041.

There are no income taxes owing by the Company at December 31, 2021.

(Expressed in thousands of Canadian Dollars, except for per share and share amounts, unless otherwise noted)

20. RELATED PARTY TRANSACTIONS

Oxygen Capital Corp ("Oxygen").

Oxygen is a private company partially owned by one director and one officer of the Company. Oxygen provides technical and administrative services to the Company under an Amended Technical and Administrative Services Agreement (the "Oxygen Agreement") at cost, including providing some staff who are seconded to the Company, office facilities and other administrative functions. As at December 31, 2021, Oxygen holds a refundable deposit of $396 on behalf of the Company (December 31, 2020 - $396). During the year ended December 31, 2021, a total of $1,886 (2020 - $1,813) was paid or accrued to Oxygen as a reimbursement of costs incurred by Oxygen on behalf of the Company. As at December 31, 2021, the Company has a payable amount to Oxygen of $293 (December 31, 2020 - $144).

The Oxygen Agreement may be terminated by either party giving at least 180 days' prior written notice of such termination. Upon termination, by the Company, of the Oxygen Agreement, the Company shall pay to Oxygen an amount equal to the average general and administrative monthly costs incurred under the Agreement for the previous six month period, the Company's share of committed lease costs, any employee termination fees due under the Agreement as a result of the termination as such term is defined under the Agreement, and the Company's share of any contractual obligations entered into on its behalf by Oxygen.

Compensation of key management personnel

Key management includes members of the Board, the President and Chief Executive Officer, the VP of Exploration, the VP of Operations, the Chief Financial Officer, and the Corporate Secretary. The total compensation paid or payable to key management for employee services directly or via Oxygen is as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
Salaries and other short-term employee benefits	$ 1,710	$ 1,647
Directors fees	465	548
Share-based compensation	2,042	5,220
Total	**$ 4,217**	**$ 7,415**

21. SEGMENTED INFORMATION

The Company conducts its business in a single operating segment which is the operations of the PG Mine. All of the Company's exploration and evaluation assets are located in Canada.

(Expressed in thousands of Canadian Dollars, except for per share and share amounts, unless otherwise noted)

22. COMMITMENTS & CONTINGENCIES

	Total	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5+ years
Loans and borrowings	**$152,738**	20,445	25,882	29,989	28,018	48,404	-
Accounts payable and accrued liabilities	**$22,606**	22,606	-	-	-	-	-
Production linked payments	**$6,016**	536	1,030	1,433	1,704	1,313	-

As at December 31, 2021, the Company is committed to incur qualifying expenditures pursuant to the May 2021 and June 2020 financings (Note 12b). In respect of the May 2021 financing, the Company was required to incur $17,250 of Canadian development expenses ("CDE"). As at December 31, 2021, all required expenditures in respect of the May 2021 financing had been incurred. In respect of the June 2020 financing, the Company must incur $15,000 of Canadian exploration expenditures ("CEE"), before January 1, 2023. If the Company does not spend these funds in compliance with the Government of Canada flow-through regulations, it may be subject to litigation from various counterparties. As at December 31, 2021, the Company had incurred $9,590 in qualifying expenditures relating to the June 2020 financing, with $5,410 remaining to be spent in 2022.

23. FINANCIAL INSTRUMENTS

Fair value measurements

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; and

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

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

(Expressed in thousands of Canadian Dollars, except for per share and share amounts, unless otherwise noted)

23. FINANCIAL INSTRUMENTS (continued)

Fair value measurements (continued)

	December 31, 2021		December 31, 2020	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Credit Facility	$ 112,514	$ 113,228	$ 87,626	$ 88,936
Production Payment Agreement	4,682	4,592	4,507	4,722
Interest rate floor derivative	6,189	6,188	8,275	8,275
Gold stream derivative liabilities	$ 44,715	$ 44,715	$ 44,192	$ 44,192

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

The fair value of the embedded derivatives in the Credit 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 $1,492 impact on the fair value of the Gold Stream derivative. A 1% change in gold price would have a $44 impact on the fair value of the Gold Stream derivative.

The Company's policy for determining when a transfer occurs between levels in the fair value hierarchy is to assess the impact at the date of the event or the change in circumstances that could result in a transfer. There were no transfers between levels in the fair value hierarchy during the year ended December 31, 2021.

24. SUPPLEMENTAL CASH FLOW INFORMATION

Non-Cash Investing and Financing Activities	Year ended December 31, 2021	Year ended December 31, 2020
Recognition of lease liability	$ 8,588	$ 5,565
Change in estimate of provision for closure and reclamation	$ 2,203	$ 5,044
Shares issued in debt financing	$ 1,086	$ -

25. MANAGEMENT OF CAPITAL

Capital includes all components of shareholders' equity. The Company's objective in managing capital is to safeguard the Company's ability to continue as a going concern, to maintain a flexible capital structure which optimizes cost of capital at acceptable risk, and to provide reasonable returns to shareholders and benefits for other stakeholders.

The Company invests its funds in deposits and term deposits with major financial institutions and monitors capital by gauging cash available for use. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions, foreign exchange rates, 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. Other than what has already been disclosed in Note 9 in respect of Loans and Borrowings, the Company is not subject to externally imposed capital requirements.

26. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial instrument related risks. The Board provides oversight for the Company's 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 the Company cannot meet its obligations as they fall due. The Company's cash and cash equivalents are invested in business accounts and term deposits which are available on demand. The Company manages liquidity risk by preparing and maintaining cash forecasts, which illustrate cash spent to date and its cash needs over the short term and over repayment dates into the future as it pertains to the Credit Facility. At December 31, 2021, the Company had cash of $8,450 (2020 - $44,906) and short-term investments and deposits of $169 (2020 - $1,493) to settle current liabilities of $48,601 (2020 - $34,812). Refer to Note 1.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows or fair value 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 cash flow interest rate risk due to the floating rate interest on the Credit Facility. For the year ended December 31, 2021, an increase of 25 basis points in market interest rates would result in approximately $34 in additional interest payable on the Credit Facility.

(Expressed in thousands of Canadian Dollars, except for per share and share amounts, unless otherwise noted)

26. FINANCIAL RISK MANAGEMENT (continued)

Foreign Currency Risk

The Company's functional currency is the Canadian dollar. The Company is exposed to currency risk on transactions and balances denominated in US dollars. The following table shows the impact of a 10% change in the USD/CAD exchange rate on financial assets and liabilities denominated in US dollars for the year ended December 31, 2021:

Cash	$	(450)
Credit Facility	$	11,581
PPA	$	468
Gold Stream	$	4,330

27. SUBSEQUENT EVENTS

The following items occurred after December 31, 2021:

i) On February 15, 2022, the Company completed a brokered and a concurrent non-brokered equity financing, whereby the Company issued a total of 58,948,000 common shares of the Company at a price of $0.53 per common share of the Company for total proceeds of $31,242.

ii) On February 17, 2022, the Company granted 4,400,000 stock options and 2,600,000 RSU's to certain employees of the Company. The stock options have an exercise price of $0.70.

iii) On March 17, 2022, the Company granted 830,000 stock options and 939,100 RSUs to certain employees of the Company. The stock options have an exercise price of $0.75.

iv) A total of 75,000 stock options and 372,226 RSUs were exercised for total proceeds of $37.

This is Exhibit "E" referred to in the Affidavit of Chris Haubrich sworn before me at Vancouver, British Columbia this 30th day of October, 2022

A Commissioner for Taking Affidavits
for British Columbia

CLAIRE HILDEBRAND
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BLAKE, CASSELS & GRAYDON LLP
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Pure Gold Mining Inc.
Weekly Cash Flow Projection
$CAD thousands

Week #		1	2	3	4	5	6	7	8	9	10	11	12	13	
Week Ending Date	*Notes*	**4-Nov-22**	**11-Nov-22**	**18-Nov-22**	**25-Nov-22**	**2-Dec-22**	**9-Dec-22**	**16-Dec-22**	**23-Dec-22**	**30-Dec-22**	**6-Jan-23**	**13-Jan-23**	**20-Jan-23**	**27-Jan-23**	**Total**
Receipts															
DIP Advances		2,720	-	2,040	-	2,040	-	2,040	-	2,040	-	1,360	-	-	12,240
Revenue - gold sales	[1]	-	1,064	118	-	-	-	-	-	-	-	-	-	-	1,182
GST receivable	[2]	-	-	-	-	-	-	-	-	104	-	-	-	115	219
Total Receipts		**2,720**	**1,064**	**2,158**	**-**	**2,040**	**-**	**2,040**	**-**	**2,144**	**-**	**1,360**	**-**	**115**	**13,641**
Site-Related Disbursements															
Workforce Labour costs	[3]	(666)	(314)	(150)	-	(314)	-	(314)	-	(314)	-	(314)	-	(314)	(2,700)
Non-Labour Opex + Capex	[4]	(427)	(905)	(610)	(606)	(711)	(419)	(564)	(187)	(187)	(292)	(333)	(187)	(187)	(5,613)
Total Site Disbursements		**(1,093)**	**(1,220)**	**(760)**	**(606)**	**(1,025)**	**(419)**	**(879)**	**(187)**	**(501)**	**(292)**	**(647)**	**(187)**	**(501)**	**(8,314)**
Corporate Disbursements															
Updated Life of Mine Plan	[5]	-	-	(150)	-	(150)	-	(150)	-	(500)	-	-	-	-	(950)
Financial Advisory	[6]	-	-	(150)	-	-	-	(150)	-	-	-	-	(150)	(150)	(600)
Professional Fees	[7]	-	-	(300)	-	-	-	(300)	-	-	-	-	(300)	(300)	(1,200)
Corporate G&A expense	[8]	(177)	(54)	(104)	-	(185)	(4)	(119)	-	(271)	-	(123)	-	-	(1,038)
DIP Interest	[9]	-	-	-	-	(60)	-	-	-	-	(136)	-	-	-	(196)
Total Corporate Disbursements		**(177)**	**(54)**	**(704)**	**-**	**(394)**	**(4)**	**(719)**	**-**	**(771)**	**(136)**	**(123)**	**(450)**	**(450)**	**(3,983)**
Contingency		(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(650)
Net Weekly Cash Flow		**1,400**	**(260)**	**645**	**(656)**	**571**	**(473)**	**392**	**(237)**	**822**	**(478)**	**540**	**(687)**	**(886)**	**694**
Cash Balance															
Opening Cash Balance		262	1,663	1,402	2,047	1,391	1,962	1,489	1,881	1,645	2,467	1,989	2,529	1,842	262
Net Cash Flow		1,400	(260)	645	(656)	571	(473)	392	(237)	822	(478)	540	(687)	(886)	694
Ending Cash Balance		**1,663**	**1,402**	**2,047**	**1,391**	**1,962**	**1,489**	**1,881**	**1,645**	**2,467**	**1,989**	**2,529**	**1,842**	**956**	**956**

Notes:

Management has prepared this Cash Flow Statement solely for the purposes of determining the liquidity requirements of the Company during the CCAA Proceedings.
The Cash Flow Statement is based on the probable and hypothetical assumptions details below. Actual results will likely vary from the projections and such variations may be material.

[1] Management have assumed gold sales only in weeks 2 and 3 which is from ore already processed, as the Company does not anticipate processing any ore sales while on care and maintenance.
[2] Management have assumed HST/GST refunds for post CCAA filing operating expenses only.
[3] Workforce labour is assumed to include the minimum number of employees required for care and maintenance activities at the Company's PureGold Red Lake Mine, paid on a semi-monthly basis at current run rates.
[4] Non-Labour Opex + Capex are based on minimum expenditures required for care and maintenance operations, including water treatment costs, environmental monitoring activities, utilities, maintenance and supplies.
[5] Updated Life of Mine Plan is assumed to include costs required for the Company to complete its ongoing Pre-Feasibility Study and Life-of-Mine plan.
[6] Financial Advisory related to fees charged by the investment banker to be retained for the SISP.
[7] Professional fees include the fees and disbursements of the Company's legal counsel, the Monitor and the Monitor's legal counsel.
[8] Corporate G&A expense includes monthly payroll for the Company's corporate office, as well as office rent and administration expenditures.
[9] DIP Interest reflects interest payments under the Interim Financing Facility.

This is Exhibit "F" referred to in the Affidavit of Chris Haubrich sworn before me at Vancouver, British Columbia this 30th day of October, 2022

A Commissioner for Taking Affidavits
for British Columbia

CLAIRE HILDEBRAND
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(604) 631-3331

No. ____________
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c. 57

AND

IN THE MATTER OF THE PLAN OF COMPROMISE AND ARRANGEMENT OF PURE GOLD MINING INC.

PETITIONER

CONSENT TO ACT

KSV Restructuring Inc. ("**KSV**") is a licensed trustee within the meaning of section 2 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and is not subject to any of the restrictions on who may be appointed as monitor set out in section 11.7(2) of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c C-36, as amended ("**CCAA**").

KSV hereby consents to act as court-appointed monitor of Pure Gold Mining Inc. in the above-captioned CCAA proceedings.

DATED at Toronto, Ontario this 28th day of October 2022.

KSV Restructuring Inc.

Per: ______________________
Name: Robert Kofman
Title: President

This is Exhibit "G" referred to in the Affidavit of Chris Haubrich sworn before me at Vancouver, British Columbia this 30th day of October, 2022

A Commissioner for Taking Affidavits
for British Columbia

CLAIRE HILDEBRAND
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USD $10,000,000
INTERIM FINANCING TERM SHEET

Dated: October 30, 2022

WHEREAS the Borrower (as defined below) will make an application before the Supreme Court of British Columbia (the "**Court**") pursuant to the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**");

AND WHEREAS the Borrower has requested that the Interim Lender (as defined below) provide financing in accordance with the terms and conditions set forth herein to fund certain cash requirements of the Borrower during the pendency of the Borrower's proceedings under the CCAA (the "**CCAA Proceedings**");

NOW THEREFORE, the parties, for good and valuable consideration (the receipt and sufficiency of which are hereby irrevocably acknowledged by each of the parties hereto), agree as follows:

1. BORROWER — Pure Gold Mining Inc. (the "**Borrower**").

2. LENDER — Sprott Private Resource Lending II (Collector), LP (the "**Interim Lender**").

3. DEFINED TERMS — Capitalized terms used in this Interim Financing Term Sheet (also referred to herein as **"this Term Sheet"**) not otherwise defined herein shall have the meanings given thereto in Schedule A.

4. PURPOSE — The Borrower shall use the proceeds of the Interim Facility solely for the following purposes and in the following order, in each case during and for the purposes of the Borrower's pursuit of the CCAA Proceedings:

(a) To fund professional fees, including fees of the Monitor (as that term is defined below) and the legal fees of counsel to the Interim Lender, the Borrower and the Monitor. It is agreed to and acknowledged by the Borrower and the Interim Lender that those fees and expenses incurred to the date hereof, as and including those provided for in the Agreed Budget as of the date hereof are reasonable and can be funded from the Interim Facility.

(b) To fund the payment of interest and other amounts payable under the Interim Facility under this Interim Financing Term Sheet in accordance with the terms hereof.

(c) To finance only (i) agreed operating expenses of the Borrower, (ii) restructuring costs in the CCAA Proceedings, and (iii) agreed general corporate purposes of the Borrower including the payment of insurance costs, in each case and all in accordance with the Agreed Budget

(d) To fund such other costs and expenses as agreed to by the Interim Lender, in writing and consented to by the Monitor.

For greater certainty, the Borrower may not use the proceeds of the Interim Facility to pay any pre-filing obligations of the Borrower without the prior written consent of the Interim Lender and the Monitor; it being agreed by the Interim Lender that such consent is not required for the Borrower to pay (i) fees and disbursements for the pre-filing period incurred in contemplation of the CCAA Proceedings owing to counsel to the Borrower, the Monitor and counsel to the Monitor; (ii) taxes, accrued payroll and other ordinary course liabilities, provided that such amounts are included in the Agreed Budget; or (iii) any other amounts owing by the Borrower to the extent specifically identified in the Agreed Budget.

5. INTERIM FACILITY, MAXIMUM AMOUNT

A super-priority, debtor-in-possession interim, non-revolving credit facility (the "**Interim Facility**") up to a maximum principal amount of USD. $10,000,000 (the "**Maximum Amount**"), subject to the terms and conditions contained herein. Advances under the Interim Facility (collectively the "**Interim Advances**" and individually an "**Interim Advance**") shall be deposited into the Deposit Account and utilized by the Borrower in accordance with the Agreed Budget and the terms hereof.

6. INTEREST RATE

The Interim Advances shall bear interest at a rate per annum equal to 15.00%. Such interest shall accrue daily and shall be payable monthly in arrears on each Interest Payment Date for each Interim Advance for the period from and including the date upon which the Interim Lender advances such Interim Advance to the Borrower to and including the day such Interim Advance is repaid or paid, as the case may be, to the Interim Lender, and shall be calculated on the principal amount of each Interim Advance outstanding during such period. All interest shall be computed on the basis of a 360-day year of twelve 30-day months, provided that, whenever any interest is calculated on the basis of a period of time other than a calendar year, the annual rate of interest to which each rate of interest determined pursuant to such calculation is equivalent for the purposes of the *Interest Act* (Canada) is such rate as so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days used in the basis for such determination.

7. CONDITIONS PRECEDENT TO EFFECTIVENESS AND INTERIM ADVANCES

The effectiveness of this Interim Financing Term Sheet and the agreement of the Interim Lender to make advances of the Interim Facility shall be subject to the satisfaction of the following conditions precedent, as determined by the Interim Lender:

(a) The Court shall have issued an order in the CCAA Proceedings (the "**DIP Order**"), satisfactory to the Interim Lender in its sole discretion, on notice to such parties as are acceptable to the Interim Lender, which shall: (i) approve this Interim Financing Term Sheet and the Interim Facility; (ii) grant the Interim Lender a charge (the "**Interim Lender Charge**") over the Property of the Borrower securing all obligations owing by the Borrower to the Interim Lender under this Interim Financing Term Sheet, respectively (the "**Interim Financing Obligations**"), which shall have priority over all Liens other than the Permitted Priority Liens; and (iii) treat the Interim Lender as an unaffected creditor in the CCAA Proceedings.

(b) The Interim Lender shall have received, and accepted in its sole discretion, the Agreed Budget.

The Making of each Interim Advance by the Interim Lender shall be further subject to the satisfaction of the following conditions precedent (collectively, the "**Funding Conditions**") as determined by the Interim Lender:

(a) The DIP Order shall not have been stayed, vacated or otherwise caused to be ineffective or materially amended, restated or modified, without the consent of the Interim Lender and such DIP Order shall have become a final order not subject to appeal.

(b) All Interim Financing Fees and Expenses for which invoices have been provided to the Borrower shall have been paid, or arrangements satisfactory to the Interim Lender shall have been made to pay such amounts.

(c) The Borrower shall be in compliance with all orders issued in the CCAA Proceedings;

(d) The Borrower shall have paid all statutory liens, trust and other priming government claims including, without limitation, source deductions, except, in each case, for any such amounts that are not yet due and payable or which are in dispute in which case appropriate reserves have been made.

(e) All of the representations and warranties of the Borrower as set forth herein shall be true and accurate in all material respects.

(f) No Default or Event of Default shall have occurred or, if applicable, shall occur as a result of the requested Interim Advance.

(g) No Material Adverse Change shall have occurred after the date hereof.

(h) There shall be no Liens ranking in priority to the Interim Lender Charge other than the Permitted Priority Liens.

(i) The Interim Lender shall have received a written request for an Interim Advance from the Borrower, substantially in the form attached hereto as Schedule B, which shall be executed by a director or officer of the Borrower, and shall certify, *inter alia*, that (i) the requested Interim Advance is within the Maximum Amount and is consistent with the Agreed Budget, and (ii) the Borrower and the other Borrower are in compliance with this Interim Financing Term Sheet and the Court Orders.

(j) The requested Interim Advance shall not cause the aggregate amount of all outstanding Interim Advances to exceed the Maximum Amount or be greater than the amount shown on the Agreed Budget as at the date of such Interim Advance.

For greater certainty, the Interim Lender shall not be obligated to make any Interim Advance or otherwise make available funds pursuant to this Interim Financing Term Sheet unless and until all the foregoing applicable conditions have been satisfied, or waived by the Interim Lender, and all the foregoing applicable documentation and confirmations have been obtained (for certainty, each of the same, as applicable, as a condition precedent to each Interim Advance), each in form and content satisfactory to the Interim Lender in their sole discretion (unless specified otherwise). All present and future obligations of the Borrower under or in connection with this Interim Financing Term Sheet and all other documents in connection with the Interim Facility will be satisfactory to the Interim Lender.

8. COSTS AND EXPENSES

The Borrower shall pay all of the reasonable and documented legal fees (on a solicitor-client, full indemnity basis), out-of-pocket disbursements and any costs of the Interim Lender in connection with or otherwise related to the Interim Facility, the Interim

Lender Charge, or the CCAA Proceedings, and for certainty, including without limitation the preparation and negotiation of all of the Interim Financing Term Sheet and court filings in connection with the CCAA Proceedings, any amendments thereto or analysis thereof or the assessment or enforcement of any rights and/or remedies of the Interim Lender thereunder or in connection with in connection with the CCAA Proceedings (collectively, the "**Interim Financing Fees and Expenses**").

9. INTERIM LENDER CHARGE

All Interim Financing Obligations of the Borrower shall be secured by the Interim Lender Charge which shall be granted by the Court on terms and conditions satisfactory to the Interim Lender in their sole discretion. The Borrower shall not agree to or consent to any Liens over the Collateral, except for Permitted Liens.

10. MONITOR

The court-appointed monitor in the CCAA Proceedings shall be KSV Restructuring Inc. (the "**Monitor**"). The Monitor shall be authorized to have direct discussions with the Interim Lender, and the Interim Lender shall be entitled to receive information from the Monitor as may be requested by the Interim Lender from time to time. The Borrower does not object to the Monitor retaining Fasken Martineau DuMoulin LLP as its legal counsel.

11. TERM AND MATURITY

All of the Interim Financing Obligations are required to be paid in full, and the Borrower shall repay all of the Interim Financing Obligations in full, on the earlier of:

(i) the occurrence of any Event of Default hereunder which is continuing and has not been cured;

(ii) the implementation of a plan of compromise or arrangement within the CCAA Proceedings (a "**Plan**") which has been approved by the requisite majorities of the Borrower' creditors and by an order entered by the Court;

(iii) conversion of the CCAA Proceedings into a proceeding under the *Bankruptcy and Insolvency Act* (Canada); and

(iv) the date that is six months from the date of the Initial Advance.

(the earliest of such dates being the "**Maturity Date**")

The commitment in respect of the Interim Facility shall expire on the Maturity Date and all amounts outstanding under the Interim Facility shall be repaid in full no later than the Maturity Date, without the Interim Lender being required to make demand upon the Borrower or to give notice that the Interim Facility has expired and the obligations are due and payable. The order of the Court sanctioning any Plan or Bankruptcy Sale shall not discharge or otherwise affect in any way any of the obligations of the Borrower to the Interim Lender under the Interim Facility, other than after the permanent and indefeasible payment in cash to the Interim

Lender of all obligations under the Interim Facility on or before the date such Plan is implemented or Bankruptcy Sale is completed.

12. AGREED BUDGET AND REVISED BUDGETS

The Borrower has delivered, and the Interim Lender has accepted in its sole discretion, on the date hereof a current weekly line item budget covering the period of at least ninety-one (91) days following the date of this Interim Financing Term Sheet (together with all updates thereto approved by the Interim Lender in their sole discretion, including the Revised Budget if approved by the Interim Lender in their sole discretion, the "**Agreed Budget**"). The Agreed Budget sets forth expected receipts and the expected operating and other expenditures to be made during each calendar week and in the aggregate for the period of time covered by the Agreed Budget.

On Tuesday of each week by 5:00 p.m. (Vancouver time), commencing on the second Tuesday after the Initial Advance (defined below), the Borrower shall deliver to the Interim Lender: (a) a report showing actual cash receipts and actual expenditures for each line item in the Agreed Budget covering the previous week and comparing the foregoing amounts with the budgeted cash receipts and budgeted expenditures, respectively, set forth in the Agreed Budget for such line item during such one week period, and (b) a one week roll-forward of the Agreed Budget, which shall reflect the Borrower's good faith projections and be in form and detail consistent with the initial Agreed Budget and subject to the approval of the Interim Lender in its sole discretion (if so approved by the Interim Lender, the "**Revised Budget**").

13. AVAILABILITY UNDER INTERIM FACILITY

Provided that the Funding Conditions are satisfied to the satisfaction of the Interim Lender, each Interim Advance shall be made separately by the Interim Lender to the Borrower within two (2) Business Days of delivery by the Borrower to the Interim Lender of a written request for an Interim Advance, substantially in the form attached hereto as Schedule A. Each Interim Advance shall be in a minimum aggregate amount that is no less than $100,000 and in excess thereof in integral multiples of $50,000. All proceeds of Interim Advances shall be deposited into the Deposit Account. The Deposit Account shall be subject to the Interim Lender Charge.

The initial Interim Advance shall be in an amount not in excess of $2,000,000 or such lesser amount as authorized in the DIP Order (the **"Initial Advance"**).

14. EVIDENCE OF INDEBTEDNESS

The Interim Lender's accounts and records constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrower to the Interim Lender pursuant to the Interim Facility.

15. VOLUNTARY PREPAYMENTS AND MANDATORY PREPAYMENTS

Provided the Monitor is satisfied that there are sufficient cash reserves in the Borrower' bank accounts to satisfy amounts secured by the Permitted Priority Liens and amounts anticipated on the date of the voluntary prepayment under the Agreed Budget in respect of which Interim Advances were made that have not yet been incurred or paid, the Borrower may prepay any amounts outstanding or any portion of any amounts outstanding under the Interim Facility at any time prior to the Maturity Date with at least two Business Days' prior notice and provided that any such prepayment is not less than $50,000 and in excess thereof in integral multiples of $25,000. Any amounts prepaid can be re-borrowed prior to the Maturity Date.

Unless otherwise consented to in writing by the Interim Lender, and provided the Monitor is satisfied that the Borrower have sufficient cash reserves to satisfy amounts secured by the Permitted Priority Liens, the Interim Facility Obligations shall be promptly repaid upon:

(i) a sale of any of the Collateral out of the ordinary course of business and consented to in writing by the Interim Lender, in an amount equal to the net cash proceeds of such sale (for greater certainty, net of reasonable transaction fees and applicable taxes in respect thereof); or

(ii) the issuance of any shares, warrants or other equity interests or rights to acquire equity interests of the Borrower, in an amount equal to the net cash proceeds of such sale (for greater certainty, net of reasonable transaction fees and applicable taxes in respect thereof).

Any amount repaid may not be re-borrowed prior to the Maturity Date.

16. REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Interim Lender, which representations and warranties shall be deemed to be repeated at each request for an Interim Advance, and upon which the Interim Lender rely on entering into this Interim Financing Term Sheet, that:

(a) Subject to the granting of the DIP Order, the execution and delivery of, and transactions contemplated by, this Interim Financing Term Sheet:

(i) are within the powers of the Borrower;

(ii) have been duly authorized by all necessary corporate approvals;

(iii) have been duly executed and delivered by or on behalf of Borrower;

(iv) constitute legal, valid and binding obligations of the Borrower;

(v) do not require the consent or approval of, registration or filing with, or any other action by, any Governmental Authority.

(b) The activities of the Borrower have been conducted in material compliance with all Applicable Law, subject to the provisions of the CCAA and any Court Order, unless: (i) otherwise ordered by the Court, or (ii) the sanctions for non-compliance are stayed by a Court Order.

(c) The Borrower has maintained its obligations for payroll, source deductions, goods and services tax and harmonized sales tax, and other taxes, as applicable, and is not in arrears in respect of payment of these obligations.

(d) The Agreed Budget is reasonable and prepared in good faith.

(e) No Default or Event of Default has occurred and is continuing.

(f) The Borrower has made full and complete disclosure in writing to the Interim Lender of:

(i) all litigation or other proceedings involving the Borrower (or any one or more of them); and

(ii) all claims and/or threatened claims, litigation or proceedings against any one or more of the Borrower.

17. AFFIRMATIVE COVENANTS

The Borrower covenants and agrees to perform and do each of the following until the Interim Financing Obligations are permanently and indefeasibly repaid in full and the Interim Facility is terminated:

(a) provide the Interim Lender or its advisors, on reasonable notice and during normal business hours, full access to the books and records of the Borrower;

(b) cause management of the Borrower to fully co-operate with the Interim Lender and the

Monitor or their respective agents and advisors, as applicable;

(c) allow the Interim Lender or its advisors, on reasonable notice during regular business hours, to enter on and inspect the Borrower' assets and properties;

(d) keep the Interim Lender and the Monitor apprised on a timely basis of all material developments with respect to the business and affairs of the Borrower;

(e) Deliver to the Interim Lender:

(i) documents referred to in Section 12 above, on the dates and times specified in Section 12;

(ii) copies of all pleadings, motions, applications, judicial or financial information and other documents to be filed by or on behalf of the Borrower with the Court, at least three (3) Business Days prior to the date on which such material is filed, unless it is not practical in the circumstances to provide such materials on such timing in which case the Borrower shall provide such material as far in advance as the circumstances permit; all such court filings by the Borrower shall be in form and substance satisfactory to the Interim Lender to the extent that any such filings affect or can reasonably be expected to affect the rights and interests of the Interim Lender;

(iii) prompt notice of material events, including, without limitation, defaults, new material litigation or changes in status of ongoing material litigation, regulatory and other filings;

(iv) other reasonable information requested by the Interim Lender from time to time;

(v) prompt notice of any event that could reasonably be expected to result in a Material Adverse Change;

(vi) copies of all material communications received from existing or prospective clients; and

(vii) without limiting the foregoing, in a timely manner and prior to effecting or incurring such transaction or expense, the Borrower shall deliver to the Monitor and the Interim Lender copies of any financial reporting which shows a material transaction or material expense, or a materially adverse financial position of the Borrower, which is not reflected in the Agreed Budget, and shall forthwith provide any reports or commentary received from the Monitor in respect of same;

(f) Use the proceeds of the Interim Facility only for the purposes described in Section 4, and in a manner consistent with the restrictions set out herein;

(g) Comply with the provisions of the court orders made in the CCAA Proceedings (collectively, the "**Court Orders**" and each a "**Court Order**);

(h) Conduct all activities in a manner consistent with the Agreed Budget;

(i) Forthwith notify the Interim Lender and the Monitor of the occurrence of any Default or Event of Default;

(j) Comply with all Applicable Law except to the extent not required to do so pursuant to the Initial Order or any other Court Order;

(k) Take all actions necessary or available to defend the Court Orders from any appeal, reversal, modifications, amendment, stay or vacating not expressly consented to in writing in advance by the Interim Lender (i) in its sole discretion in respect of any appeal, reversal, modification, amendment stay or vacating relating to the Interim Facility or any other matter that adversely affects the Interim Lender, and (ii) acting reasonably in respect of any other appeal, reversal, modification, amendment, stay or vacating;

(l) Promptly upon becoming aware thereof, provide details of the following to the Interim Lender: (i) any pending, or threatened claims, potential claims, litigation, actions, suits, arbitrations, other proceedings or notices received in respect of same, against the Borrower, by or before any court, tribunal, Governmental Authority or regulatory body, which would be reasonably likely to result in, individually or in the aggregate, in a judgment in excess of $250,000 or the equivalent amount thereof in any other currency; and

(m) Provide to the Interim Lender regular updates regarding the status of the CCAA Proceedings including, without limitation, reports on the progress of any Plan or Restructuring Option and any information which may otherwise be confidential, subject to same being maintained as confidential by the Interim Lender; provided however, in no event shall any information subject to privilege be required to be provided to the Interim Lender.

18. NEGATIVE COVENANTS

The Borrower covenants and agrees not to do the following, other than with the prior written consent of the Interim Lender:

(a) Transfer, lease, farm-out or otherwise dispose of all or any part of its property, assets or undertaking, except for Permitted Dispositions.

(b) Make any investments or acquisitions of any kind, direct or indirect, in any business or otherwise other than as expressly provided for, or permitted to be incurred, in the Agreed Budget and the Court Orders.

(c) Make any payments or distributions of any kind other than as may be permitted by a Court Order and that does not result in an Event of Default and is provided for in the Agreed Budget.

(d) Create or permit to exist indebtedness, liabilities or obligations other than (i) existing (pre-filing) debt and disclosed to the Interim Lender in writing, (ii) debt contemplated by this Interim Financing Term Sheet, (iii) post-filing trade payables or other post-filing unsecured obligations incurred in the ordinary course of business in accordance with the Agreed Budget and any Court Order, and (iv) indebtedness, liabilities or obligations expressly provided for, or permitted to be incurred, in the Agreed Budget and the Court Orders.

(e) Make or give any additional financial assurances, in the form of bonds, letters of credit, guarantees or otherwise, to any person including without limitation any Governmental Authority.

(f) Support or not oppose a motion by another Person to provide to any third party a Lien on the Collateral, other than the Permitted Liens.

(g) Change its name, amalgamate, consolidate with or merge into, or enter into any similar transaction with any other entity.

(h) Other than transitioning to and entering a state of care and maintenance, cease (or threaten to cease) to carry on their business or activities as currently being conducted or modify or alter in any material manner the nature and type of their operations, business or the manner in which such business is conducted.

(i) Amend, replace or modify the Agreed Budget other than in accordance with the terms of this Term Sheet.

(j) Apply for, or consent to, any Court Orders or any change or amendment to any Court Order which affects the Interim Lender or the Agent, without the prior consent of the Interim Lender.

(k) Enter into any contract or other agreement which involves potential expenditures in excess of $200,000 or the equivalent amount thereof in any other currency without the prior written consent of the Interim Lender, provided that the payment of such amount must be permitted by and will not constitute a default under the Agreed Budget or any Court Order.

(l) Make (i) any distribution, dividend, return of capital or other distribution in respect of equity securities (in cash, securities or other property or otherwise); or (ii) a retirement, redemption, purchase or repayment or other acquisition of equity securities or indebtedness (including any payment of principal, interest, fees or any other payments thereon).

(m) (i) Enter into, renew, amend or modify any transaction or contractual relationship with any Related Party; or (ii) make any payment with respect to, or perform any obligation under, an agreement with a Related Party other than in accordance with the Agreed Budget.

(n) Enter into, renew, amend, modify or assume any employment, consulting or analogous agreement, key employee retention plan or other arrangement with or for the benefit of any director, senior or executive officer or senior management of the Borrower or any Related Party, or make any payment to any such Person in respect of any bonus, change of control payment or severance package of any kind whatsoever other than (i) as consented to by the Monitor and approved by the Court on prior notice to the Interim Lender or (ii) as consented to by the Interim Lender, acting reasonably.

(o) Make any investments or acquisitions of any kind, direct or indirect, in any business or otherwise other than as reflected in the Agreed Budget.

(p) Other than the Monitor, its legal counsel and legal counsel to the Borrower, and the Interim Lender engaged as of the date hereof, pay, incur any obligation to pay, or establish any retainer with respect to, the fees, expenses or disbursements of a legal, financial or other advisor of any party, unless such fees, expenses or disbursements, as applicable, are reviewed and approved in advance by the Monitor and the Interim Lender.

(q) The Borrower shall not agree to or consent to any Liens over the Collateral, except for Permitted Liens.

(r) Make any payments or expenditures (including capital expenditures) other than in accordance with the Agreed Budget.

(s) Seek, obtain or support (i) any Court Order or any amendment to a Court Order except with the prior written consent of the Interim Lender, (x) in their sole discretion in respect of any Court Order or amendment thereto relating to the Interim Facility, or any other matter that adversely affects the Interim Lender and (y) acting reasonably in respect of any other Court Order or amendment thereto.

(t) Amalgamate, consolidate with or merge into or sell all or substantially all of their assets to another entity, or change its corporate or capital structure (including its organizational documents) or enter into any agreement committing to such actions except in connection with a Plan which will result in the repayment in full of all of the Interim Facility Obligations.

19. EVENTS OF DEFAULT

The occurrence of any one or more of the following events without the Interim Lender's written consent shall constitute an event of default ("**Event of Default**") under this Interim Financing Term Sheet:

(a) the issuance of an order of the Court (including any Court Order) or any other court of competent jurisdiction:

(i) dismissing the CCAA Proceedings, or lifting the stay in the CCAA Proceedings to permit (A) the enforcement of any Lien, judgment or execution against the Borrower, or a material portion of its property, assets or undertaking, or (B) the appointment of a receiver and manager, receiver, interim receiver or similar official, or substituting the Monitor, or the making of a bankruptcy order against the Borrower; granting any Lien which is senior to or *pari passu* with the Interim Lender Charge, other than the Permitted Priority Liens; or

(ii) staying, reversing, vacating or otherwise modifying any Court Order without the prior consent of the Interim Lender (i) in the sole discretion of the Interim Lender in respect of any Court Order or amendment thereto relating to the Interim Financing Facility or any other matter that adversely affects the Interim Lender and (ii) acting reasonably in respect of any other amendment;

(b) the filing of any pleading by the Borrower seeking any of the matters set forth in paragraph (a) above, or failure of the Borrower to diligently oppose any Person that brings an application or motion for the relief set out in paragraph (a) above;

(c) failure of any of the Borrower to comply with (i) any of the negative covenants in this Interim Financing Term Sheet, and to the extent such failure or default is capable of being remedied, such failure or default shall continue unremedied for a period of five (5) Business Days or (ii) any of the positive covenants in this Interim Financing Term Sheet, and to the extent such failure or default is capable of being remedied, such failure or default shall continue unremedied for a period of ten (10) Business Days;

(d) any Revised Budget is not delivered to the Interim Lender when due;

(e) (i) any Revised Budget (A) contemplates or forecasts an adverse change or changes from the then-existing Agreed Budget, and such change(s) constitute a Material Adverse Change or (B) contemplates or forecasts a cash flow deficit in excess of $500,000 or the equivalent amount thereof in any other currency or (ii) there shall exist an overall negative expense variance in excess of the greater of 15% or $100,000 in the then current Agreed Budget (each, an "**Updated Budget Default**");

(f) the occurrence of a Material Adverse Change;

(g) any representation or warranty by the Borrower in this Interim Financing Term Sheet is incorrect or misleading in any material respect;

(h) the aggregate amount of the outstanding Interim Advances under the Interim Facility exceeds the Maximum Amount;

(i) any material violation or breach of any Court Order;

(j) any proceeding, motion or application is commenced or filed by any of the Borrower, or if commenced by another party, supported or otherwise consented to by the Borrower, (i) seeking the invalidation, subordination or other challenging of or is otherwise inconsistent with the terms of the Interim Facility, including without limitation the Interim Lender Charge, this Interim Financing Term Sheet; (ii) challenging the validity, priority, perfection or enforceability of the Liens created pursuant to the Interim Lender Charge; (iii) unless the Plan, Restructuring Option or Bankruptcy Sale provides for repayment in full of the Interim Facility Obligations, seeking the approval of any Plan, Restructuring Option or Bankruptcy Sale which does not have the prior consent of the Interim Lender; or (iv) could otherwise reasonably be expected to adversely affect the interests of the Interim Lender;the priority of the Liens created pursuant to the Interim Lender Charge is varied without the consent of the Interim Lender any Plan is sanctioned or any Bankruptcy Sale is consummated by any of the Borrower that is not consistent with or contravenes any provision of this Interim Financing Term Sheet, in a manner that is materially adverse to the interests of the Interim Lender, as determined by the Interim Lender, or would reasonably be expected to materially adversely affect the interests of the Interim Lender, as determined by the Interim Lender, unless the Interim Lender have consented thereto;

(k) failure of the Borrower to pay any principal amount owing under this Interim Financing Term Sheet when due;

(l) failure of the Borrower to pay (i) interest or any portion thereof owing under this Term Sheet when due and such Default shall remain unremedied for a period of five (5) Business Days or (ii) legal or other advisory fees and expenses of the Interim Lender within seven (7) days after receipt by the Borrower of an invoice for such fees ;

(m) the Borrower commences an action or takes any other proceeding to obtain any form of relief against the Interim Lender;

(n) the expiry without further extension of the stay of proceedings provided for in the Initial Order;

(o) the Borrower ceases (or threatens to cease) to carry on business as currently operated (the transitioning to and entering a state of care and maintenance being permitted), except where such cessation occurs in connection with a Plan or Bankruptcy Sale which otherwise satisfies the terms and conditions contained herein; or

the denial or repudiation by the Borrower of the legality, validity, binding nature or enforceability of this Interim Financing Term Sheet.

20. REMEDIES

Upon the occurrence of an Event of Default and subject to the Court Orders, the Interim Lender may, in its sole and absolute discretion, elect to terminate their respective commitments to make Interim Advances to the Borrower hereunder and declare all

Interim Financing Obligations in respect of this Interim Financing Term Sheet to be immediately due and payable and cease making any further Interim Advances.

In addition, upon the occurrence of an Event of Default, the Interim Lender may, in its sole discretion, on not less than 5 Business Days' notice to the Borrower and Monitor, and subject to any Court Order:

(b) apply to a court for the appointment of a receiver, an interim receiver or a receiver and manager over the Collateral to substitute the Monitor and/or enhance any powers of the Monitor, or for the appointment of a trustee in bankruptcy of the Borrower;

(c) set-off or combine any amounts then owing by the Interim Lender (or any one or more of them) to any of the Borrower against the obligations of any of the Borrower to the Interim Lender hereunder;

(d) apply to the Court for an order or orders, on terms satisfactory to the Monitor and the Interim Lender, providing the Monitor with the power, in the name of and on behalf of the Borrower, to take all necessary steps in the CCAA Proceedings;

(e) subject to obtaining prior approval from the Court, exercise the powers and rights of a secured party under the *Personal Property Security Acts of* British Columbia and/or Ontario or any other Applicable Law relating to the enforcement of Liens by secured creditors against any types of property and for certainty including the Collateral; and

(f) subject to obtaining prior approval from the Court, exercise all such other rights and remedies under the, the Court Orders and Applicable Law.

The rights and remedies of the Interim Lender under this Interim Financing Term Sheet are cumulative and are in addition to and not in substitution for any other rights and remedies available at law or in equity or otherwise, including under the CCAA.

21. AMENDMENTS, WAIVERS, ETC.

No amendment or waiver of any provisions of this Interim Financing Term Sheet or consent to any departure by the Borrower from any provision thereof is effective unless it is in writing and signed by the Interim Lender (and in the case of amendments, the Borrower). Such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which it is given. Upon the occurrence of an Event of Default and subject to the Court Orders, the Interim Lender may, in its sole and absolute discretion, elect to terminate their respective commitments to make Interim Advances to the Borrower hereunder and declare all Interim Financing Obligations in respect of this Interim Financing Term Sheet to be immediately due and payable and cease making any further Interim Advances.

22. COUNTERPARTS AND FACSIMILE SIGNATURES	This Interim Financing Term Sheet may be executed in any number of counterparts, each of which when taken together shall constitute one and the same instrument. Any counterpart of this Interim Financing Term Sheet can be executed and delivered by any manner of direct electronic transmission including without limitation "pdf email" or "DocuSign", each of which shall be deemed to be an original hereof.
23. CONFIDENTIALITY	This Interim Financing Term Sheet is delivered on the condition that each of the Borrower and their affiliates shall not disclose such documents or the substance of the financing arrangements proposed therein to any person or entity outside of their respective organizations, except to those professional advisors who are in a confidential relationship with them and as required in connection with any court filing in the CCAA Proceedings.
24. FURTHER ASSURANCES	Each of the parties hereto shall execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated hereby and thereby.
25. TIME IS OF THE ESSENCE	Time is of the essence in this Interim Financing Term Sheet and the Interim Financing Facility and all transactions contemplated thereby.
26. ENTIRE AGREEMENT	This Term Sheet constitutes the entire agreement between the parties hereto pertaining to the matters therein set forth and supersede and replace any prior understandings or arrangements pertaining to the Interim Facility. There are no warranties, representations or agreements between the parties in connection with such matters except as specifically set forth herein or in the Interim Financing Loan Documentation.
27. SEVERABILITY	Each of the provisions contained in this Interim Financing Term Sheet is distinct and severable and a declaration of invalidity, illegality or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof.
28. GOVERNING LAW	This Interim Financing Term Sheet shall be governed by and construed in accordance with the laws of the Province of British

Columbia and the federal laws of Canada applicable therein. Without prejudice to the ability of the Interim Lender and the Agent to enforce this Interim Financing Term Sheet in any other proper jurisdiction, each of the Borrower irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of British Columbia.

29. NOTICES

Any notice, request, consent, waiver or other communication hereunder to any of the parties shall be in writing and be well and sufficiently given if delivered personally or direct electronic transmission, including email, pdf email or "DocuSign" to such Person at its address set out on its signature page hereof. Any such notice, request or other communication hereunder shall be concurrently sent to the Monitor and its counsel. Any such notice shall be deemed to be given and received when received, unless received after 5:00 Pacific Time or on a day other than a Business Day, in which case such notice, request, consent, waiver or other communication shall be deemed to be received on the next following Business Day.

IN WITNESS WHEREOF the parties hereto have executed this Term Sheet.

BORROWER:

Address: Suite 1900 – 1055 West Hastings,
Vancouver, British Columbia

Attention: Mark O'Dea, President & Chief Executive Officer
Email: modea@oxygencapitalcorp.com

With a copy to: Chris Haubrich, Chief Financial Officer
Email: chaubrich@puregoldmining.ca

PURE GOLD MINING INC.

By: ______________________
Name: Mark O'Dea
Title: President and Chief Executive Officer

INTERIM LENDER:

Address:

200 Bay Street, Suite 2600
Toronto ON, M5J 2J1

Attention: Jim Grosdanis
Email: jgrosdanis@sprott.com

SPROTT RESOURCE LENDING CORP. in its capacity as General Partner of SPROTT PRIVATE RESOURCE LENDING II (COLLECTOR), LP

By: ______________________
Name: Jim Grosdanis
Title: Managing Partner

SCHEDULE A

DEFINED TERMS

"**Administration Charge**" means the administration charge on the Collateral in an aggregate amount not to exceed $750,000.

"**Applicable Law**" means, at any time, with respect to any Person, property, transaction, event or other matter, as applicable, all laws, rules, statutes, regulations, treaties, orders, judgments and decrees, and all official requests, directives, rules, guidelines, orders, policies, practices and other requirements of any Governmental Authority relating or applicable at such time to such Person, property, transaction, event or other matter, and also includes any interpretation thereof by any Person having jurisdiction over it or charged with its administration or interpretation, save and except any reporting issuer obligations applicable to the Borrower, which shall be complied with to the extent practicable and within the Agreed Budget.

"**Bankruptcy Sale**" means the sale of all or substantially all of the assets of the Borrower pursuant to a sale approved by the Court.

"**Business Day**" means a day, excluding Saturday and Sunday, on which banks are generally open for business in the Province of British Columbia.

"**Collateral**" means all present and future assets and property of the Borrower, real and personal, tangible or intangible, and whether now owned or which are hereafter acquired;

"**D&O Charge**" means the directors and officers' charge on the Collateral in the amount set out in the Court Order(s) granting (or amending) the D&O Charge (which Court Orders and D&O Charge amount shall have been agreed to by the Interim Lender in advance);

"**Default**" means any event or condition which, with the giving of notice, lapse of time or upon a declaration or determination being made (or any combination thereof), would constitute an Event of Default.

"**Deposit Account**" means the account(s) maintained by the Borrower to which payments and transfers under the Interim Financing Term Sheet are to be deposited, which are specified in writing by the Borrower to the Interim Lender or such other account or accounts as the Borrower may from time to time designate by written notice to the Interim Lender.

"**Environmental Liabilities**" means all liabilities, obligations, responses, remedial and removal costs, investigation and feasibility study costs, capital costs, operation and maintenance costs and other costs and expenses, including fines, penalties, sanctions and interest incurred as a result of or related to any claim, investigation, proceeding or demand of any Governmental Authority against any of the Borrower including, without limitation, arising under or related to any law relating to the environment or in connection with any substance which is or is deemed under any applicable law to be, alone or in combination, hazardous, hazardous waste, toxic, a pollutant, a contaminant or source of pollution or contamination whether on, at, in, under, from or about or in the vicinity of any real or personal property owned by any of the Borrower, or any real or personal property that was previously owned, leased or occupied by any of the Borrower.

"**Governmental Authority**" means any federal, provincial, state, regional, municipal or local government or any department, agency, board, tribunal or authority thereof or other political subdivision thereof and any entity or person exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government or the operation thereof.

"**Interest Payment Date**" means the first day of each month in respect of the immediately preceding month; provided that, in any case, on the Maturity Date or, if applicable, any earlier date on which the Interim Facility is fully cancelled or permanently reduced in full, shall be an Interest Payment Date with respect to all Interim Advances then outstanding under the Interim Facility.

"**Liens**" means all mortgages, charges, pledges, hypothecs, assignments by way of security, conditional sales or other title retention arrangements, liens, encumbrances, security interests or other interests in property, howsoever created or arising, whether fixed or floating, perfected or not, which secure payment or performance of an obligation;

"**Material Adverse Change**" means any event, circumstance, occurrence or change which, individually or in the aggregate, results, or could reasonably be expected to result, in a material adverse change (and for certainty including a series of adverse effects, none of which is material in and of itself but which, cumulatively, result in a material adverse change) in:

(a) the ability of the Borrower to timely and fully perform any obligation under this Interim Financing Term Sheet or any Court Order, or the ability of the Borrower to carry out a Plan or Restructuring Option;

(b) the validity or enforceability of any of (i) the Interim Lender Charge or the ranking of any of the Liens granted thereby or the material rights or remedies intended or purported to be granted to the Interim Lender under or pursuant to such Interim Lender Charge;

(c) the rights and remedies of the Interim Lender under this Term Sheet;

(d) the business, prospects, operations, assets, condition (financial or otherwise) or results of operations of the Borrower, on a consolidated basis, including without limitation a material adverse qualification (other than a "going concern" qualification resulting from the CCAA proceedings);

(e) any material adverse misstatement of the financial statements of the Borrower;

(f) the ability of the Borrower to carry on its business as conducted as of the date of this Term Sheet (the transitioning to and entering a state of care and maintenance being permitted); or

(g) the Collateral.

"**Permitted Disposition**" means assets sold, leased or disposed of during a fiscal year having an aggregate fair market value not exceeding Cdn. $500,000 (or the equivalent amount thereof in any other currency) for such fiscal year, and any other sale, lease or disposition expressly provided for, or permitted to be incurred, in the Agreed Budget and the Court Orders.

"**Permitted Liens**" means (i) the Interim Lender Charge; (ii) any charges created under the DIP Order or other order of the Court in the CCAA Proceedings subsequent in priority to the Interim Lender Charge, the limit and priority of each of which shall be acceptable to the Interim Lender as confirmed in writing by the Interim Lender and for certainty, including the D&O Charge; (iii) valid and perfected Liens existing prior to the date hereof; (iv) inchoate statutory Liens arising in the ordinary course of business, provided all such amounts are paid as and when due; and (v) the Permitted Priority Liens.

"**Permitted Priority Liens**" means: (a) the Administration Charge; (b) the D&O Charge; (c) statutory super-priority Liens for unpaid employee source deductions to the extent they are given first priority over other Liens by Applicable Law; (d) Liens for unpaid municipal or county property taxes or utilities to the extent that they are given first priority over other Liens by Applicable Law; and (e) such other Liens as may be agreed to in writing by the Interim Lender. For greater certainty, except as expressly set forth herein, Liens arising from the construction, repair, maintenance and/or improvement of real or personal property, shall not be "**Permitted Priority Liens**".

"**Person**" means an individual, partnership, corporation, business trust, joint stock company, limited liability company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

"**Restructuring Option**" means any transaction involving the refinancing of the Borrower, the sale of all or substantially all of the assets of the Borrower or any other restructuring of the Borrower' businesses and operations, including any liquidation, bankruptcy or other insolvency proceeding in respect of the Borrower.

SCHEDULE B

REQUEST FOR ADVANCE

REQUEST FOR ADVANCE

TO: The Interim Lender

AND TO: The Monitor

DATE: ____________, 202__

Dear Sirs:

The undersigned refers to the interim financing term sheet dated as of October 30, 2022 (the "**Term Sheet**") made among Pure Gold Mining Inc. (the "**Borrower**") and the Interim Lender.

Capitalized terms used in this Request for Advance have the same meanings herein as are ascribed thereto in the Term Sheet.

2. The Borrower hereby gives you notice pursuant to the Term Sheet that the undersigned requests an Interim Advance under the Interim Facility (the "**Interim Facility Advance**") in the Term Sheet be deposited into the Deposit Account as follows:

(a) Amount of Interim Advance requested: $________________

(b) Requested funding date: ________________

(c) Total principal amount currently outstanding (excluding this Interim Facility Advance): $________________

(d) Availability remaining under the Interim Facility (excluding this Interim Facility Advance): $________________

3. Each of the undersigned, being ___________________________ an officer of the Borrower, hereby certify to you for and on behalf of the Borrower (and not in his or her personal capacity) as follows:

(a) all of the representations and warranties contained in the Term Sheet are true and correct in all material respects in each case on and as of the date hereof and will be true and correct as of the date of the requested Interim Facility Advance as though made on and as of such date (unless expressly stated to be made as of a specified date);

(b) no Default or Event of Default has occurred and is continuing or shall result from the requested Interim Facility Advance;

(c) the Interim Facility Advance shall not cause the aggregate amount of all outstanding Interim Advances to exceed the Maximum Amount or be greater than the amount shown on the Agreed Budget as at the date of such Interim Facility Advance;

(d) the Interim Facility Advance is consistent with the Agreed Budget; and

(e) the other Borrower are in compliance with the Term Sheet and the Court Orders.

The undersigned certifies that **[he/she]** is PRES / CEO, of the Borrower, and that as such **[he/she]** is authorized to execute this certificate on behalf of the Borrower. The undersigned further certifies, represents and warrants on behalf of the Borrower (and not in his or her personal capacity) that the Borrower is entitled to receive the requested Interim Advance under the terms and conditions of the Term Sheet.

PURE GOLD MINING INC.

By:

Name: Mark O'Dea
Title: PRESIDENT & CEO.