



Pure Gold Mining Inc.

(A Development Stage Company)

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2020

Dated May 13, 2020

Pure Gold Mining Inc.
Management's Discussion and Analysis
For the three months ended March 31, 2020

This Management's Discussion and Analysis (the "**MD&A**"), dated as of May 13, 2020, is for the first quarter ended March 31, 2020 and should be read in conjunction with the unaudited condensed interim consolidated financial statements, including the related notes thereto, for the three months ended March 31, 2020 (together, the "**Interim Financial Statements**"), as well as the audited consolidated financial statements, including the related notes thereto, for the fiscal year ended December 31, 2019 and fiscal period ended December 31, 2018 (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, 2019 dated March 26, 2020 (the "**AIF**"), available under Pure Gold's profile on SEDAR at www.sedar.com.

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

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

The Company is listed on the TSX Venture Exchange ("**TSX-V**") in Canada under the symbol PGM and on the London Stock Exchange ("**LSE**") under the symbol PUR. All dollar amounts stated in this MD&A are expressed in Canadian dollars ("**\$**") unless noted otherwise.

Highlights for the quarter and Significant Subsequent Events

During the three months ended March 31, 2020 and up to the date of this MD&A, the Company advanced construction and underground development activities at its 100%-owned Pure Gold Red Lake Mine Project ("**RL Mine Project**" or the "**Project**"). A summary of the highlights for the three months ended March 31, 2020 and subsequent period to date are as follows:

- *Significantly advanced the RL Mine Project*

In addition to support from a number of experienced local contractors, including First Nations partners, the Company is successfully advancing the recruitment process with approximately 60 hires to date for the site operations team, including management, technical staff, supervisors and operators, as well as placements in safety, environmental, and administration services.

Significant earthworks, road and utilities infrastructure upgrades, and equipment installation is currently underway on surface at the site.

Overall engineering is approximately 72% complete as of March 31, 2020 and remains on track to be substantially complete in July 2020. As of March 31, 2020 major procurement for the project is approximately 67% complete by number of procurement packages and 77% by monetary value.

Underground development is proceeding ahead of schedule. As part of the test mining program, pre-production underground ramp development was initiated on December 12, 2019 and is progressing at an accelerated pace. As at March 31, 2020, approximately 796 metres of development have been completed since the development was initiated, including 725.2 metres during the three months ended March 31,

2020, resulting in an average of approximately 7.9 metres per day for the quarter compared to 5.0 metres per day per plan. In addition, mine de-watering is ongoing and is well ahead of ramp development.

Since early February 2020, the Company and Engineering, Procurement, and Construction Management (“EPCM”) project teams have been monitoring the COVID19 outbreak and its potential impacts on development of the Project. Starting the week of March 9, 2020, changes to the operation of the Project began both on and off-site in alignment with recommendations from public health authorities at all levels of government.

Engineering and Procurement activities continue at the Project, with only minor delays encountered to date while engineers and vendors transitioned to working remotely. Operation at the site have been adapted to minimize the risk of virus transmission through new screening, sanitary, hygiene, and physical distancing procedures. Currently, the Project remains on track to deliver ore to the mill by the end of 2020.

- *Ms. Maryse Bélanger joins the Board of Directors.*

In February 2020, Ms. Maryse Bélanger joined the Board of Directors. Ms. Bélanger brings over 30 years of experience with senior gold companies and strengths in operational excellence and efficiency, technical studies and services to the Board. She has provided oversight and project management support through some of the mining industry's key strategic acquisitions.

From 2011 to 2014, Ms. Bélanger was a senior executive with Goldcorp where she was ultimately appointed Senior Vice President, Technical Services. During this time, she oversaw the global geology, mine planning and design, metallurgy, hydrology, tailings dam and geotechnical engineering functions. Prior to joining Goldcorp, Ms. Bélanger was Director, Technical Services for Kinross Gold Corporation for Brazil and Chile.

Outlook

The RL Mine Project comprises in excess of 4,600 hectares of primarily patented mineral claims in the prolific Red Lake gold district of Northwestern Ontario and hosts two significant former gold producers including the RL Mine which had previous gold production of 2.5 million ozs¹.

With the feasibility study complete and financing in place, Pure Gold has embarked on full-scale construction of the required infrastructure to put the RL Mine back into production and plans to bring the first ore to the mill in Q4 2020.

The revised project budget is \$124.6 million with an additional \$2.5 million set aside for a new sewage lagoon. Approximately \$32.5 million of this budget was incurred by March 31, 2020. The Project spend remains slightly behind schedule as a result of improved payment terms being negotiated with contractors as compared to those estimated to create the budget, offset by additional underground development costs due to an earlier start to development than planned, while overall Project spend is anticipated to be on budget by the end of the Project.

The feasibility study, focussed exclusively on the RL Mine deposit, outlines a robust high-grade, low capital mining operation. Exploration by the Company to date has demonstrated that the RL Mine property has outstanding potential for growth and opportunities for scalability. Key opportunities to enhance the project over the project life include²:

- Potential expansion of the RL Mine resource, through application of the Company's geologic model to target extensions to the known resource, including:
 - Potential conversion of the inferred resources in the RL Mine deposit to measured and indicated, currently totalling 241,000 ozs of gold (0.9 million tonnes at 8.4 g/t gold);

¹ Historic drill hole results and production figures and other details from the Mine and Starratt-Olsen mine disclosed in this document were completed prior to the implementation of National Instrument 43-101. A full discussion and cautionary language can be found in the Mine Technical Report, which can be found on Pure Gold's website at www.puregoldmining.ca or profile on SEDAR at www.sedar.com.

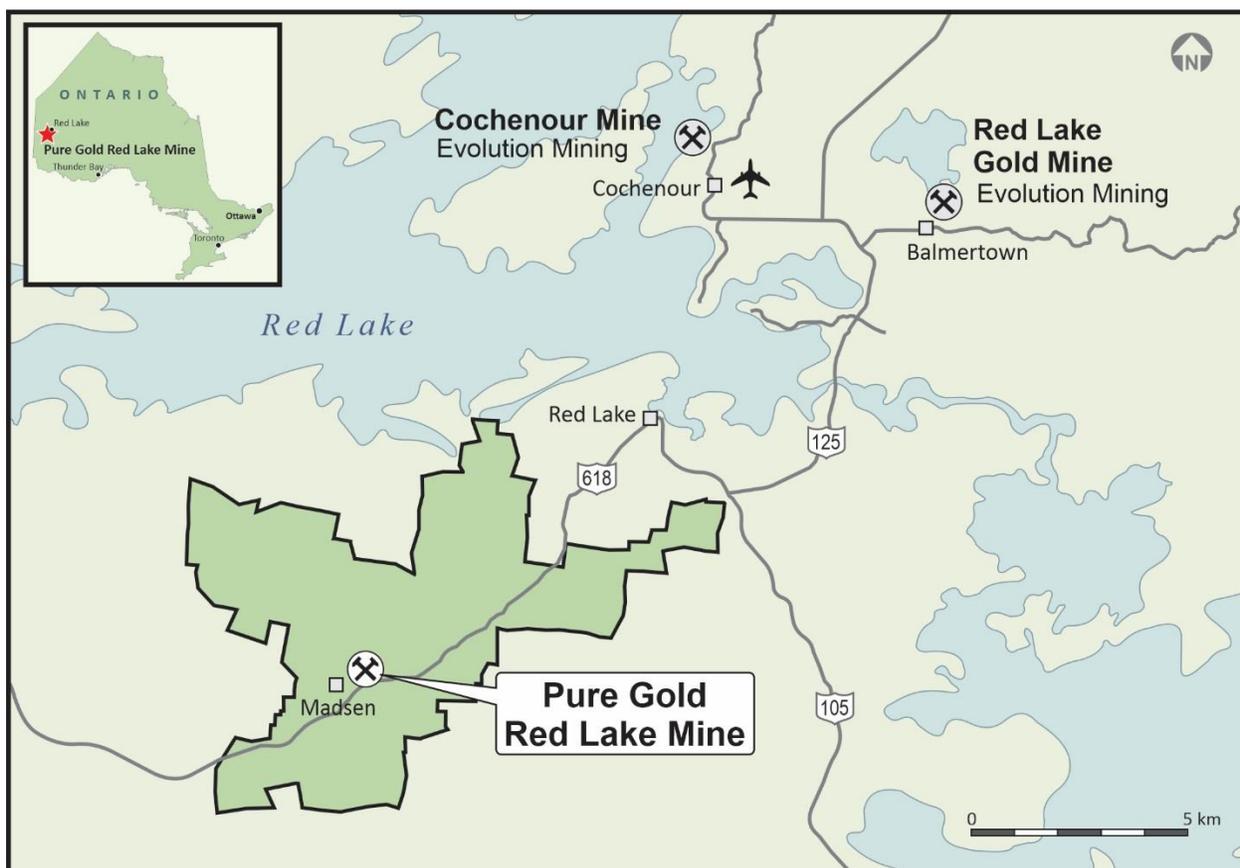
² For further information refer to the press releases dated February 11, 2019 available on the Company's website at www.puregoldmining.ca or the Company's SEDAR profile at www.sedar.com.

- High-grade 8 Zone expansion potential beyond the reserve scheduled to commence mining in year four of operations;
- Potential depth extensions of the RL Mine deposit which remains open as supported by drill hole PG17-456 which intersected 34.6 g/t gold over 4.3 metres at a depth of 1,373 metres below surface, and AD-11-01 which returned 14.3 g/t gold over 2.0 metres at a depth of approximately 2,100 metres below surface;
- Continue exploration at Russet South, Fork, Wedge, and across the +7-kilometre mineral system in place at the RL Mine property, where strong potential exists for continued growth; and
- Review and optimization of the mine plan with an opportunity for additional mine flexibility, potential for increased milling rates and annual gold production.

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

Overall Performance

Pure Gold Red Lake Mine Gold Project, Red Lake, Ontario



After a series of transactions in fiscal 2014 through 2017, the RL Mine property now comprises 251 mining leases, mining patents and unpatented mining claims (but predominantly patented and with accompanying surface rights) owned or controlled 100% by Pure Gold, covering an area in excess of 4,600 hectares in the prolific Red Lake gold camp of Northwestern Ontario. The RL Mine property hosts two former gold producers including the RL Mine.

There are no royalties payable on claims hosting known mineral resources at the RL Mine property except for a 2% Net Smelter Royalty on resources from Russet South, that is capped at \$2.0 million. The Company does have a Callable Gold Stream (as defined below) that obligates it to deliver 5% of gold produced until 500,000 ozs of gold are delivered, after which the stream percentage drops to 2.5%. Certain claims acquired in the Newman-Madsen and Derlak transactions are subject to royalties ranging from 0.5% - 3%, a portion of which may be bought back by the Company.

The RL Mine operated continuously from 1938 to 1974, and again from 1997 to 1999. Total recorded production is 7,872,679 metric tonnes at an average grade of 9.7 g/t gold, producing 2,452,388 ozs³.

The second former gold producer on the RL Mine property is the historic Starratt-Olsen Mine. A 450-metre shaft was constructed in 1945 and mining operations were carried out from 1948 to 1956. A total of 823,544 metric tonnes were mined at an average recovered grade of 6.17 g/t gold to produce 163,990 ozs³. The Starratt-Olsen RL Mine does not have a current mineral resource. Only limited modern day exploration has been conducted near the mine workings. Compilation of historic data at Starratt is ongoing and initial drill testing was completed by Pure Gold in late 2016.

On February 11, 2019, Pure Gold announced the results of its feasibility study for the RL Mine deposit⁴. The feasibility study supports a high-grade underground mining operation that benefits from significant mining, milling and tailings infrastructure already in place, resulting in one of the lowest capital intensity undeveloped gold projects in the world. Mining will be conducted from new development utilizing a combination of cut and fill and longhole methods. A new hoist house and double drum production hoist will use the existing shaft infrastructure to hoist ore and waste from the mine, commencing in year four of operations.

JDS Energy and Mining Inc. ("**JDS**") led the RL Mine feasibility study, which included input from leading consultants such as Knight Piésold Ltd., ("**Knight Piesold**"), Nordmin Engineering Ltd., MineFill Services Inc., Integrated Sustainability, Lorax Environmental Services Ltd, Ginto Consulting Inc., and Equity Exploration Consultants Ltd.

The feasibility study mine plan utilized a combination of conventional cut & fill (59%), mechanized cut & fill (16%) and longhole mining (25%) methods to extract mineral reserves. Preliminary mining shapes were developed using Mineable Shape Optimizer (MSO) using variable cut-offs from 4.00 to 4.75 g/t gold. These were used to guide development of the feasibility mine design plan. Final stope shapes and mine access development were individually modelled and evaluated to form the final mineable reserve. A mining recovery of 95% has been assumed for retained tonnes forming part of the mine plan and the total external and internal dilution is approximately 22% of the total mining reserve. The total probable reserve mined over the course of the mine life is 3.5 million tonnes at an average diluted head grade of 9.0 g/t for 1.0 million ozs of gold³.

In August 2019, the Company awarded the surface Engineering and Procurement (E/P) contract for the Project to JDS in partnership with Hatch Ltd. ("**Hatch**") and Knight Piesold. Additionally, the Company awarded the underground mine design engineering contract to Dumas Mine Contracting Ltd. ("**Dumas**").

During the basic detailed engineering phase of the project JDS, Hatch and Dumas performed the following key engineering tasks:

- Completed and froze mechanical layout of tailings/backfill plant. The architectural drawings and load tables were issued for use, building steel issued for bid and they began drafting concrete drawings;
- Initiated modelling of process plant piping;

³ Historic drill hole results and production figures and other details from the Mine and Starratt-Olsen mine disclosed in this document were completed prior to the implementation of National Instrument 43-101. A full discussion and cautionary language and current mineral resources can be found in the technical report, titled "**Madsen Gold Project Technical Report Feasibility Study For The Madsen Deposit, Red Lake, Ontario, Canada**", effective February 5, 2019, and dated March 21, 2019, and revised July 5, 2019, filed under the Company's profile on SEDAR at www.sedar.com (the "**Mine Technical Report**") and available on the Company's website at www.puregoldmining.ca which can be found on Pure Gold's profile on SEDAR at www.sedar.com or at Pure Gold's website at www.puregoldmining.ca.

⁴ For further information refer to the press releases dated February 11, 2019 available on the Company's website at www.puregoldmining.ca or the Company's SEDAR profile at www.sedar.com.

- Issued seven (7) mechanical equipment specifications including: cyclones; shop fabricated tanks; slurry pumps; vibrating screens; bulk materials storage; pre-leach thickeners; cranes and hoists; and began scope development for the SAG mill refurbishment;
- Completed bid analysis and recommendation for five electrical packages and the process control system for the process plant, including: a 44kV Switchgear; 5kV Switchgear; Power distribution; transformers; electrical houses and the UPS system;
- Initiated drafting of process and instrumentation diagrams;
- Completed the sewage lagoon Geotech investigation;
- Upgraded the haul road from the portal to the headframe;
- Completed a detailed mechanical audit of the process plant;
- Initiated a detailed cleaning of the process plant equipment and tanks that will be utilized going forward; and
- Updated the detailed mine plan and underground development cost estimates;

In December 2019, the basic detailed engineering phase of the project was completed, and JDS presented an updated capital budget (“**Definitive Budget**”) and Project schedule to the Company. Given the financial flexibility provided by the Financing (as defined below), the Company 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 Company 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 Company has elected to replace certain components in order to maximize mill availability at start-up. As a result, the Definitive Budget now totals \$124.6 million. An additional \$2.5 million has been budgeted for a sewage treatment facility in the form of an engineered sewage lagoon to address the current issue of sewage from the town of Madsen entering the Company’s pre-existing tailings facility. The Company expects to recover these costs over time from the Municipality of Red Lake.

For the period from August 7, 2019 (the date the Board of directors approved the “decision to construct”) to March 31, 2020, the Company has incurred a total of \$32.8 million on development of and fixed asset purchases for the RL Mine compared to the overall detailed engineering budget of \$127.1 million. At this time, cash provided through the Company’s project financing package and equity raises completed in 2019, are sufficient to bring the RL Mine back into production on the current project schedule and budget.

As of March 31, 2020, engineering is 72% complete overall and progressing on schedule. Major procurement is 67% complete by number of packages or 77% by monetary value of all packages. Overall procurement progress is approximately 2 weeks behind the baseline schedule, although all major packages have been issued and only shorter-lead minor packages remain.

The Concrete supply and installation package contract have been awarded and JDS has commenced development of the structural and mechanical installations bid packages.

Surface construction of the headframe laydown pad area and the tailings building footprint has commenced and certain ancillary buildings including the plant warehouse, mine dry and office trailer have been purchased and installed. Removal of the old ball mill and other mill components that will be replaced has begun.

Underground development is proceeding ahead of schedule with 796 metres of underground development completed as at March 31, 2020. In addition, mine de-watering is ongoing and is well ahead of ramp development.

As at March 31, 2020, a total of 98,330 exposure hours, defined as hours by EPCM contractors and the Company’s staff, have been completed with no lost time incidents.

The RL Mine implementation schedule is over a period of 15 months, with first ore delivered to the mill projected in Q4 of 2020.

Environmental & Permitting

The RL Mine is currently permitted as a mine in Temporary Suspension, being a voluntary suspension of activities at a mine site allowing the mine to be shut down without full closure, and last operated in 1999. A subset of the mining claims are permitted in Advanced Exploration status, allowing underground development and drilling to continue in proximity to the mine decline.

Although the Company currently has a number of permits relating to the Project which are in good standing, in order to re-open the RL Mine and commence production, operational enhancements and regulatory changes require some of the Company's existing permits to be updated ahead of the Company commissioning the mill.

Regulatory authorities have confirmed the following existing permits are currently in good standing but would require updating due to process changes or regulatory changes: (i) Environmental Compliance Approval (ECA) for Industrial Sewage Works, (ii) ECA for Air and Noise, (iii) Mine Closure Plan.

An amendment of the existing ECA for Industrial Sewage Works is required due to changes in effluent regulations since the RL Mine last operated. The Company has completed and submitted baseline studies in support of the ECA amendment and anticipates a full submission of the permit application in Q2 2020 with a new permit anticipated to be issued by Q3 of 2020. The revised permit is required before mill processing can commence, but it is not required to complete refurbishment and upgrading of these facilities.

Baseline studies have been completed and a new permit application for the ECA, Air and Noise was submitted in 2018 and is expected to be received in Q2 2020. The Company is able to start development of the Project without this permit, but the amendment will be required before milling can commence.

The existing RL Mine closure plan is also required to be amended in advance of production. A new notice of project status and project definition has been filed in support of the RL Mine closure plan application. Regulatory meetings to screen the application have been held and the closure plan amendment was submitted in March 2020 and will be followed by screening and public consultation. Pure Gold is currently engaged in discussions with the Ministry of Energy, Northern Development and Mines, in Ontario, with respect to an amendment to its Closure Plan for the RL Mine Project, to account for any future changes to the site through construction and ultimately through production. We expect the amount of financial assurance will need to be increased, but this amount has not yet been determined as at the date of this MD&A.

The Company has successfully completed a federal environmental assessment screening and is not required to submit an environmental assessment for the reopening of the Project. This is consistent with a provincial environmental assessment not being required.

Further, new regulatory requirements that have come into force since the RL Mine last operated may require the Company to obtain a number of new, ancillary permits before mining is allowed to re-commence, namely: (i) ECA for approval to construct and operate a domestic sewage treatment system; (ii) construction/relocation work permit for transmission line and/or water works; (iii) plans and specifications approval for dam and berm work, including those associated with tailings facilities; (iv) forestry clearing licence; (v) aggregate extraction permit for dam construction; (vi) leave to construct a transmission line; (vii) notice of construction before any activities take place; and (viii) approval for construction and operational activities under the Species at Risk Act (SARA). Applications will be made for these permits as required.

While the Company can foresee no reason why it may not receive all necessary updates to its existing permits, there can be no assurance that such updates will be obtainable at all, on reasonable terms or the conditions to which they may be subject. The failure to obtain such required amendments or any additional permits that may be required, or delays in obtaining the same, or failure to fulfil any conditions attaching to such permits, could increase the Company's costs and delay its activities including commencing development of the Project, could adversely affect the properties, business or operations of the Company.

Other Mineral Property Interests

On March 12, 2018, the Company signed 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 \$4.0 million on Van

Horne over a four-year period and pay Pure Gold \$100,000 with a committed minimum of \$750,000 in year one (completed). Kinross is continuing exploration at Van Horne in 2020 with a small field program.

Selected Financial Information

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

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

Results of Operations

The following financial data has been derived from our Interim Financial Statements for the three months ended March 31, 2020 and 2019, respectively:

	For the three months ended March 31, 2020	For the three months ended March 31, 2019
Total Revenue	\$ -	\$ -
Exploration and evaluation expenditures	\$ (91,695)	\$ (1,646,481)
Net income (loss) for the period attributable to shareholders	\$ 8,656,762	\$ (2,834,833)
Total comprehensive income (loss) for the period	\$ 8,656,762	\$ (2,834,833)
Basic and Diluted Income (Loss) per Share	\$ 0.02	\$ (0.01)

Three Months ended March 31, 2020 vs. Three Months ended March 31, 2019

Net income and comprehensive income for the three months ended March 31, 2020 totaled \$8.7 million compared to a \$2.8 million loss for the same period in the prior year. The most significant contributors to the income and loss for the periods ended March 31, 2020 and 2019, respectively, were (i) wages, consulting and director fees, (ii) professional fees, (iii) investor relations and communication, (iv) share based compensation, (v) office and rent expenses, (vi) exploration and evaluation expenditures, (vii) finance income, (viii) change in fair value of derivative liabilities, (ix) foreign exchange loss and (x) income tax recoveries. Explanations for material variances period over period are described below.

Wages, consulting and director's fees are on budget at \$0.5 million for the three months ended March 31, 2020 compared to \$0.4 million for the same period in the prior year, reflecting an increased head count in 2020.

Professional fees for the three months ended March 31, 2020 increased to \$0.4 million compared to \$0.2 million in the prior year. Audit fees increased over 2019 reflecting unexpected additional work by the Company's auditors on the Company's Finance package and consulting fees were incurred with the implementation of the Company's Enterprise Resource Planning software in preparation for mining operations at the RL Mine. In addition, ongoing monitoring fees paid to engineering and geological consultants were incurred in the first quarter of 2020 in support of our Project Finance lenders review of activities at the RL Mine Project.

Investor relations and communication expenditures while consistent with budget totalled \$0.3 million for the three months ended March 31, 2020 compared to \$0.1 million for the same period in the prior year. The increase period over period reflects additional costs associated with the LSE listing that were not applicable in the first quarter of 2019 as the LSE listing was not completed until May 2019, in addition to rebranding and marketing initiatives which commenced as a result of the commencement of the development of the RL Mine.

Share-based compensation expense increased to \$0.2 million for the three months ended March 31, 2020, compared to \$0.1 million in the same period in the prior year, reflecting the recognition of additional expense associated with option grants in February 2020 and December 2019. Stock options previously granted to employees and consultants were subject to vesting restrictions over two and three year periods with the corresponding share-based compensation expense being recognized over these periods, while grants to directors vest immediately resulting in a corresponding expense being recognized in the period of grant.

Office and rent expense totalled \$0.2 million for the three months ended March 31, 2020, consistent with budget, reflecting a higher head count at head office, compared to \$0.1 million for the first quarter of 2019.

The Company's exploration and evaluation expenditures at the RL Mine property during the three month period ended March 31, 2020 totalled \$0.1 million compared to \$1.6 million for the same period in the prior year. Effective August 7, 2019, with the decision to construct being made by the Board of directors and supporting mineral reserves established through a feasibility study and with a pathway to the necessary permits for construction being established and relatively certain, the Company began to capitalize exploration and development expenses that related directly to that portion of the RL Mine property that was included in the feasibility study. After August 7, 2019, only exploration and evaluation expenditures relating to the portion of the RL Mine property that was not included in the feasibility study, were expensed. The Company did not have an active exploration program in the first quarter of 2020 as it focussed on its development activities at the RL Mine Project. During the three months ended March 31, 2019, the Company incurred significant costs related to ongoing surface exploration, and continued to expense costs associated with the RL Mine Project as a decision to construct had not yet been reached by the Company's Board of Directors.

The most significant contributor to the net income for the period ended March 31, 2020 was a \$10.5 million gain on the change in fair value of various derivative liabilities relating to the Company's Facility and Callable Gold Stream (as defined below). The change in fair value was largely driven by an increase in market volatility during the quarter, which increased the credit spread, a key assumption in the valuation of the derivatives. The Facility and Callable Gold Stream did not exist in the first quarter of 2019. See Notes 11 and 12 to the Interim Financial Statements for further information.

The Company recorded a \$1.2 million foreign exchange loss, of which \$4.3 million was attributed to the Company's Facility and Callable Gold Stream which are denominated in US\$, partially offset by the effect of the US\$ / CDN\$ exchange rate on US\$ cash balances. The Company held no US\$ denominated cash in the first quarter of 2019.

Finance income, consisting of interest earned on cash deposits totalled \$0.3 million for the first quarter of 2020, compared to \$0.03 million for the same period in 2019, reflecting interest earned on the Company's higher cash balance in 2020.

Financial Position

The following financial data has been derived from our Interim Financial Statements for the three months ended March 31, 2020 and our Annual Financial Statements as at December 31, 2019.

	As at March 31, 2020	As at December 31, 2019
Total assets	\$ 140.1 million	\$ 130.6 million
Current liabilities	\$ 12.4 million	\$ 8.2 million
Non-current liabilities	\$ 69.0 million	\$ 72.8 million
Cash dividends declared	\$ -	\$ -

Total assets increased to \$140.1 million at March 31, 2020 from \$130.6 million at December 31, 2019, primarily due the accounting for capitalized expenditures on the Company's Mineral Properties, Plant & Equipment including an increase to the provision for closure because of falling interest rates.

Current liabilities increased by \$4.2 million to \$12.4 million at March 31, 2020 compared to \$8.2 million at December 31, 2019. Accounts payable and accrued liabilities increased by \$4.7 million from December 2019, as the Company's activity level has increased as it has embarked on full scale construction at the RL Mine Project. The increase in accounts payable and accrued liabilities was offset by a decrease in flow through premium liability as the Company has fulfilled all of its obligations in connection with previously issued flow through share obligations and therefore reversed the liability outstanding at December 31, 2019. Additionally, Loans and Borrowings increased, reflecting accrued interest on the Company's Facility which is accrued and capitalized until March 31, 2021, and afterwards paid out quarterly.

Non-current liabilities decreased by \$3.8 million between December 31, 2019 and March 31, 2020, primarily due to a decrease in Loans and Borrowings reflecting a change in the valuation of financial derivatives associated with the Company's Financing package, partially offset by an increase in the provision for closure and reclamation, driven primarily by lower interest rates..

Shareholders' Equity

During the three months ended March 31, 2020, the Company issued 766,667 common shares pursuant to the exercise of employee and director stock options with a weighted average exercise price of \$0.25. During the quarter, the Company granted 350,000 stock options to a new director at an exercise price of \$0.77 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 Annual Financial Statements of Pure Gold 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 (000's except per share data)							
	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018
Total revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total expenses	\$(1,732)	\$(3,474)	\$(5,681)	\$(4,054)	\$(2,834)	\$(6,491)	\$(8,192)	\$(8,203)
Total comprehensive income (loss) for the period	\$8,657	\$(5,976)	\$(8,836)	\$(4,040)	\$(2,835)	\$(6,104)	\$(8,102)	\$(7,695)
Basic and diluted income (loss) per share	\$0.02	\$(0.01)	\$(0.03)	\$(0.02)	\$(0.01)	\$(0.02)	\$(0.03)	\$(0.03)

The Company's total expenses for the quarter ended March 31, 2020 decreased by 50% compared to the total expenses for the quarter ended December 31, 2019. The Company incurred significantly lower exploration costs when compared to the prior quarter as the Company did not have an active exploration program in the first quarter of 2020 as it focussed on its development activities at the RL Mine Project. Additionally, share-based compensation expense decreased as a result of a lower number of stock options vesting compared to the quarter ended December 31, 2019 as a result of the December 13, 2019 stock option grant. The Company recognized total net income for the quarter ended March 31, 2020 compared to net loss in the prior quarter as a result of a \$10.5 million gain on the change in fair value of its derivative liabilities relating to the Credit Facility and Callable Gold Stream. This was partially offset by a \$1.2 million foreign exchange loss of which \$4.3 million was attributed to the Company's Facility and Callable Gold Stream which are held in US\$, partially offset by a \$3.1 million positive movement in the US\$ / CDN\$ exchange rate and its corresponding effect on US\$ cash balances. The Company held no US\$ denominated cash in the first quarter of 2019. Additionally, the Company earned \$0.3 million increased

interest income on the Company's higher cash balance when compared to the same quarter in the prior year.

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

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

The Company's net loss and total expenses for the quarter ended June 30, 2019 increased by 43% compared to the net loss and total expenses for the quarter ended March 31, 2019. During the quarter ended June 30, 2019, the Company's exploration expenditures of \$2.0 million were primarily focused on the commencement of exploration drilling directed at the Wedge, Fork and Russet South deposits, and continued engineering studies to support the finalization of the feasibility study. During the quarter ended March 31, 2019, the Company's exploration expenditures of \$1.6 million were primarily focused on completion of the feasibility study and early-stage studies related to the Russet South, Fork and Wedge deposits. During the quarter ended June 30, 2019 the Company also incurred additional professional, listing and filing fees in connection with the Company's admission to trading on the London Stock Exchange.

The Company's net loss for the quarter ended March 31, 2019 decreased by 53% compared to the net loss for the quarter ended December 31, 2018, while total expenses decreased by 56%. During the quarter ended March 31, 2019, the Company's exploration expenditures of \$1.6 million were primarily focused on completion of the feasibility study and early-stage studies on the Russet South, Fork and Wedge deposits, while during the quarter ended December 31, 2018, the Company's exploration expenditures of \$4.9 million included continued work on the feasibility study and the Russet South, Fork and Wedge deposits, the completion of the bulk sample program in November 2018, and 2,789 metres of surface exploration drilling. The net loss for the quarter ended December 31, 2018 was reduced due to a \$0.4 million deferred income tax recovery from the reversal of the flow-through share premium liability recognized in relation to the May 2018 financing as the expenditures were completed and renounced during the quarter.

The Company's net loss for the quarter ended December 31, 2018 decreased by 25% compared to the net loss for the quarter ended September 30, 2018, while total expenses decreased by 21%. The decrease in expenses is primarily due to the completion of the bulk sample program in November 2018, and fewer metres of surface exploration drilling (2,789 metres compared to 4,836 metres) in the quarter ended September 30, 2018. The net loss for the quarter ended December 31, 2018 was also reduced due to a \$0.4 million deferred income tax recovery from the reversal of the flow-through share premium liability recognized in relation to the May 2018 financing as the expenditures were completed and renounced during the quarter.

The Company's net loss for the quarter ended September 30, 2018 increased by 5% compared to the net loss for the quarter ended June 30, 2018, while total expenses remained steady from the previous quarter. Exploration expenditures in the quarter ended September 30, 2018 were comprised of increased expenses related to the feasibility study and bulk sample program, and 4,836 metres of surface exploration drilling, while expenditures in the quarter ended June 30, 2018 included 10,621 metres of surface drilling. The net loss for the quarter ended June 30, 2018 was reduced due to a \$0.4 million deferred income tax recovery from the reversal of the remaining flow-through share premium liabilities recognized in relation to the November 2017 financing as the expenditures were completed during the quarter.

Liquidity and Capital Resources

In the third quarter of 2019, the Company successfully completed brokered and non-brokered private placements raising gross proceeds of approximately \$47.5 million.

On August 7, 2019, Pure Gold secured a US\$90 million finance package (the “**Financing**”) for the RL Mine with Sprott Lending Corp. (“**Sprott**”). The Financing is comprised of a credit facility (the “**Facility**”) for US\$65 million, and a US\$25 million callable gold stream (the “**Callable Gold Stream**”).

The US\$90 million in proceeds from the Financing fully funds the initial capital costs to develop the RL Mine based on the Company’s February 2019 Feasibility Study. Combined with the Company’s existing cash resources, the Financing provides a buffer against cost overruns. The Callable Gold Stream provides immediate cash to the Company allowing for the commencement of development activities ahead of finalizing our permit amendments. The Callable Gold Stream can be repurchased once the RL Mine is in production and generating cash flow.

In addition to this Financing, Sprott purchased US\$5 million of units in Pure Gold’s non-brokered private placement. A summary of the key terms of the Facility, Callable Gold Stream and Production Payment Agreement are as follows:

The Facility

- Term of 7 years
- US\$65 million in principal structured in multiple tranches:
 - US\$10 million advanced at closing, before an original issue discount of 41.82422%, which is considered additional interest paid in advance
 - Subsequent tranches available to the Company 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
- Fixed US\$10 per ounce production-linked payment on the first 500,000 ounces produced
 - Payments are to be financially settled on a monthly basis and can be terminated at any time by payment of an early termination fee
- On the completion date⁵ a fee of 2.25% of the principal outstanding will be payable in cash or shares at Sprott’s option.
- Penalty-free repayment of outstanding principal and interest after August 2022
- No hedging, cash sweeps, cash collateralization, or offtake agreement

Callable Gold Stream

- US\$25 million as prepayment for 5.0% of the gold production until 50,000 ounces of gold has been delivered
 - Reduces to 2.5% of gold production thereafter
 - Fully advanced on closing
- Ongoing per ounce payments from Sprott based on 30% of the spot gold price
- Full buyback option, where Pure Gold may elect to terminate the entire Callable Gold Stream:
 - On June 30, 2021 by paying US\$35 million
 - On June 30, 2022 by paying US\$38 million

Production Payment Agreement

- 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 Company receives payment on the sale from August 6, 2019 until 500,000 ounces of gold has been produced (the “**Participation Ounces**”).
- Full buyback option at any time upon payment of a termination fee equal to the outstanding Participation Ounces multiplied by US\$10.

⁵ Completion will occur when construction is complete and the RL Mine has successfully completed an agreed completion test.

For details of the accounting for the Facility and the Callable Gold Stream, please see Notes 11 and 12 of the Annual Financial Statements.

Subsequent to March 31, 2020, the Company drew a further US\$20 million from the Facility. As at the date of this MD&A, the Company has approximately \$78.7 million in cash and short-term investments and US\$35 million available under the Facility. The Company's working capital balance (defined as current assets less current liabilities) as at the date of this MD&A is approximately \$72.9 million.

The Facility includes financial covenants that include, amongst others, requiring the Company to maintain minimum cash and working capital balances. As of March 31, 2020, the Company was in compliance with these covenants.

We have no revenue-producing operations and earn only minimal income through investment income on treasury, amounts arising through various property option agreements and occasionally as a result of the disposal of an exploration asset. However, the Company believes that it has sufficient funding to meet its obligations and to maintain administrative and operational expenditures for the next 12 months from existing treasury and the Facility.

Contractual Obligations

As at March 31, 2020, the Company had the following contractual obligations outstanding:

	Total	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5+ years
Loans and borrowings	\$28.5 million	3.9 million	3.6 million	2.6 million	4.1 million	4.3 million	10.0 million
Accounts payable and accrued liabilities	\$ 11.2 million	11.2 million	-	-	-	-	-
Production linked payments	\$ 7.1 million	0.3 million	1.0 million	1.2 million	1.2 million	1.4 million	2.0 million

Under the Facility, interest is accrued and capitalized until March 31, 2021, and afterwards paid out quarterly. As of the date of this MD&A, the Company has accrued \$0.6 million in interest payable under the Facility.

The Company is also obligated to pay Spratt a fixed US\$10 per ounce production-linked payment on the first 500,000 ounces of gold produced from the RL Mine.

The terms of the Callable Gold Stream require the Company to deliver gold or cash to Spratt 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 Spratt to offset the US\$25 million received under the Callable Gold Stream, the balance must be paid in cash.

Other than previously disclosed above, the Company has entered into an Amended Technical and Administrative Services Agreement (the "**Oxygen Agreement**") with Oxygen Capital Corp. ("**Oxygen**"), a private company of which a director and an officer of the Company are shareholders. Pursuant to the Oxygen Agreement, and without limiting or abrogating the duties of Pure Gold's President and Chief Executive Officer or its Chief Financial Officer and Corporate Secretary, Oxygen provides the Company:

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

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 Pure Gold 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 Pure Gold 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 Agreement for the previous six month period, and any employee termination fees due under the Agreement as a result of the termination as such term is defined under the Agreement. The amount pertaining to the non-cancellable head office lease is included in the table below.

Agreement with First Nations

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

Highlights of the Project Agreement include:

- Confirms the First Nations collaboration with Pure Gold in support of the operational permitting process for the Project and all subsequent regulatory authorizations;
- Establishes a foundation for employment opportunities, direct contracting opportunities, and Pure Gold's commitment and support for education and training initiatives;
- Confirms Pure Gold'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 Pure Gold to each First Nation (issued); and,
- Establishes future financial contributions by Pure Gold commensurate with production.

Pure Gold estimates that the total cost of the Project Agreement, over the life of mine as outlined in the feasibility study, to be approximately \$14 million.

Leases

The Company leases assets such as office space and equipment. These assets are classified as property, plant and equipment in the statement of financial position.

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

Below is a maturity analysis of the Company's lease payments at March 31, 2020:

	Up to 1 year	1 to 5 years	Total
Minimum lease payments	\$174,245	\$447,387	\$621,632
Finance charge	(38,394)	(43,115)	(81,509)
Total principal payments	\$ 135,851	\$404,272	\$540,123

The Company's lease with respect to its head office premises includes variable payments that do not depend on an index or rate. As such, these payments have been excluded from the lease liability recognized in the statement of financial position. The Company expensed \$27,580 of variable lease payments during the quarter ended March 31, 2020.

Surety Bonds

In December 2017, the Company entered into an agreement with a third-party (the "**Surety**") to replace \$2.4 million of its existing reclamation deposits with surety bonds of the same amount. The bonds are held in favour of the Minister of Northern Development and Mines of Ontario (the "**MNDM**") as financial support for environmental reclamation and exploration permitting. The surety bonds are secured by a \$1.3 million deposit (as at the date of this MD&A) and are subject to fees competitively determined in the marketplace. The obligations associated with these instruments 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 these instruments are associated with ongoing and active exploration properties, they will remain outstanding until the earlier of the date that the Company has discharged its remediation obligations or determines to self-fund the underlying bonding obligations. The Company has agreed to indemnify the Surety against any and all losses, fees, costs and expenses of any kind and nature which the Surety might sustain or incur upon the execution of surety bonds issued.

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as defined by NI 51-102 requirements as at March 31, 2020 or as at the date hereof.

Proposed Transactions

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

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

Related Party Transactions

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

Oxygen Capital Corp ("**Oxygen**").

Oxygen is a private company partially owned by one director and one officer of the Company. Oxygen provides technical and administrative services to the Company at cost, including providing some staffing who are seconded to the Company, office facilities and other administrative functions. As at March 31, 2020, Oxygen holds a refundable deposit of \$0.3 million (December 31, 2019 - \$0.3 million), on behalf of the Company. During the three months ended March 31, 2020, a total of \$0.6 million (three months ended March 31, 2019 - \$0.5 million) was paid or accrued to Oxygen as a reimbursement of costs incurred by Oxygen on behalf of the Company. As of March 31, 2020, the Company held a payable amount to Oxygen of \$0.1 million (December 31, 2019 - \$0.2 million). This amount was paid subsequent to March 31, 2020.

Compensation of Key Management Personnel

Key management includes members of the Board, the President and Chief Executive Officer, the VP of Exploration, the VP of Operations, the Chief Financial Officer and the Corporate Secretary. The aggregate total compensation paid or payable to key management for employee services directly or via Oxygen is as follows:

Name	Nature of Compensation	Three months Ended	Three months Ended
		March 31, 2020	March 31, 2019
President and Chief Executive Officer	Salary	\$ 100,000	\$ 100,000
Chief Financial Officer, Secretary	Salary	\$ 69,750	\$ 65,000
Vice President of Exploration	Salary	\$ 66,870	\$ 61,250
Vice President, Operations	Salary	\$ 75,000	\$ 75,000
Directors	Directorship	\$ 105,000	\$ 102,500
Total		\$ 416,620	\$ 403,750

Share-based compensation expense related to key management personnel during the three-month ended March 31, 2020 totaled \$0.2 million (Three months ended March 31, 2019 - \$0.1 million). Share-based compensation is the fair value of options granted and vested to key management personnel. These amounts have not been included in the table above and should be considered as additional compensation.

Significant Accounting Policies

The accounting policies and methods of application applied by the Company in the Interim Financial Statements are the same as those applied in the Company's audited financial statements for the year ended December 31, 2019.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and expenses. Estimates and judgments are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The critical estimates and judgements that the Company's management has made in the process of applying the Company's accounting policies, are disclosed in the Company's annual audited consolidated financial statements for the year ended December 31, 2019.

COVID-19 Estimation Uncertainty

In March 2020, the World Health Organization declared a global pandemic related to COVID-19. The current and expected impacts on global commerce are anticipated to be far reaching. To date there have been significant stock market declines, significant volatility in commodity and foreign exchange markets and the global movement of people and some goods has become restricted. While the Company continues to operate its business and the development of the RL Mine, there is significant ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts that it may have on future production, future cash flows in 2020 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.

Risks associated with financial instruments

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

Credit Risk

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

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

To reduce credit risk, the Company regularly reviews the collectability of its amounts receivable and establishes an allowance based on its best estimate of potentially uncollectible amounts. The Company historically has not had difficulty collecting its amounts receivable.

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 manages liquidity risk by maintaining cash forecasts and sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. At March 31, 2020, the Company had cash of \$62.1 million (December 31, 2019 - \$70.3 million) and short-term investments of \$0.1 million (December 31, 2019 - \$23 thousand) to settle current liabilities of \$12.4 million (December 31, 2019 - \$7.4 million) and long term liabilities of \$69.0 million, including advances under the Facility and Callable Gold Stream (December 31, 2019 – \$72.8 million). There is sufficient cash on hand to fund the Company's current commitments.

As at March 31, 2020, the Company has no source of positive operating cash flows and has not yet achieved profitable operations. The Company has incurred negative cash flows from operations of \$1.2 million for the three months ended March 31, 2020 and expects to incur further losses in carrying out its planned business objectives until positive cash flows are achieved through production of gold at the RL Mine.

Management believes it has sufficient cash and access to cash through continued draw-down of the Facility to bring the RL Mine back into production.

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 is not 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 Spratt Credit Facility. For the three months ended March 31, 2020, an increase of 25 basis points in market interest rates would result in approximately \$25,000 in additional interest payable on the Facility.

Foreign Currency Risk

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

During the three months ended March 31, 2020, the Company recognized a net foreign exchange loss of \$1.2 million (three months ended March 31, 2019 – loss of nil).

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 at March 31, 2020:

Cash	\$	0.5 million
Credit Facility	\$	1.5 million
Production Payment Agreement	\$	0.5 million
Callable Gold Stream	\$	2.9 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; 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 March 31, 2020, the carrying amounts of cash, short-term investments, amounts receivable, interest receivable, deposits, reclamation deposits, accounts payable, and accrued liabilities are considered to be a reasonable approximation of their fair values, due to their short-term nature.

At March 31, 2020 the fair values of the embedded derivatives in the Credit Facility and Callable Gold Stream are determined using Level 3 inputs. All other financial instruments are categorized as Level 1.

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

- Accretion due to passage of time
- 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

Management of Capital

Pure Gold considers the items included in the statement of shareholders' equity as capital. Management of the Company manages the capital structure and makes adjustments to it 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.

Pure Gold'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

Pure Gold's authorized capital is unlimited common shares without par value. As at May 13, 2020 the following common shares and stock options were outstanding:

	# of Shares	Exercise Price	Expiry Date
Issued and Outstanding Common Shares	359,420,859	N/A	N/A
Stock Options	33,333	\$0.11	December 3, 2020
	2,450,000	\$0.11	December 11, 2020
	400,000	\$0.63	May 26, 2021
	300,000	\$0.72	October 11, 2021
	75,000	\$0.72	November 14, 2021
	4,635,000	\$0.44	December 21, 2021
	200,000	\$0.54	June 16, 2022
	100,000	\$0.54	July 24, 2022
	5,160,000	\$0.49	December 15, 2022
	200,000	\$0.65	June 11, 2023
	200,000	\$0.54	May 6, 2024
	250,000	\$0.64	November 18, 2024
	4,735,000	\$0.74	December 13, 2024
350,000	\$0.77	February 19, 2025	
Warrants	14,277,500	\$0.85	May 24, 2020
	43,207,000	\$0.85	July 18, 2022
Fully Diluted	435,993,692		

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 26, 2020, 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 COVID19 pandemic.

On March 11, 2020, the World Health Organization (WHO) assessed COVID19 as a pandemic. This assessment by the WHO was not unexpected given the virus had been circulating in various parts of the world. The effect of the COVID19 virus and the actions recommended to combat the virus are changing rapidly.

To date, the Company has not seen any material impact from COVID19. The Company has modelled out a 3-month shutdown of site activities due to COVID19 and has determined such an event, should it be necessary or should it be mandated, would cost the Company approximately \$9.7 million in delays and inefficiencies with the RL Mine Project

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

Legal Matters

Pure Gold is not currently and has not at any time during our most recently completed financial year, been party to, nor has any of its property interests been the subject of, any material legal proceedings or regulatory actions.

Management's Responsibility for the Financial Statements

The preparation and presentation of the accompanying financial statements, MD&A and all financial information in the Interim Financial Statements are the responsibility of management and have been approved by the Audit Committee of the Board of. The Interim Financial Statements have been prepared in accordance with IFRS. Interim Financial Statements by nature are not precise since they include amounts

based upon estimates and judgments. When alternative treatments exist, management has chosen those it deems to be the most appropriate in the circumstances.

Subsequent Events Not Otherwise Described Herein

Other than disclosed above, the following items of financial significance occurred after March 31, 2020:

- i) 187,500 warrants were exercised at an exercise price of \$0.85

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for the design of Pure Gold'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. Pure Gold's officers certify the design of Pure Gold's ICFR using the Internal Control – Integrated Framework (2013) issued by The Committee for Sponsoring Organizations of the Treadway Commission. There were no changes to the internal controls over financial reporting that occurred during the three months ended March 31, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. However, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness in future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Disclosure Controls and Procedures Disclosure controls and processes have been designed to ensure that information required to be disclosed by Pure Gold is compiled and reported to management as appropriate to allow timely decisions regarding required disclosure. Pure Gold's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures; based upon the results of that evaluation, they have concluded that as of the end of the period covered by this report, the disclosure controls and procedures are effective in providing reasonable assurance that material information related to Pure Gold is made known to them by employees and third-party consultants working for Pure Gold and its subsidiaries, within appropriate time periods as appropriate to allow timely decisions regarding required disclosure. While Pure Gold's Chief Executive Officer and Chief Financial Officer believe that our disclosure controls and processes will provide a reasonable level of assurance and that they are effective, they do not expect that the disclosure controls and processes will prevent all errors and frauds. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Scientific and Technical Disclosure

Except for the RL Mine project, the Company's other projects and those in which we have an interest are early stage and do not contain any mineral resource estimates as defined by NI 43-101.

Unless otherwise indicated, Pure Gold has prepared the technical information in this MD&A ("**Technical Information**") based on information contained in the following technical report:

"Madsen Gold Project Technical Report Feasibility Study For The Madsen Deposit, Red Lake, Ontario, Canada ", effective February 5, 2019, and dated March 21, 2019, and revised July 5, 2019, filed under the Company's profile on SEDAR at www.sedar.com and available on the Company's website at www.puregoldmining.ca.

Technical Information was also based on information contained in news releases (collectively the "Disclosure Documents") available under Pure Gold'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 Qualified Person (“QP”). Readers are encouraged to review the full text of the Disclosure Documents which qualifies the Technical Information. Readers are advised that mineral resources that are not mineral reserves do not have demonstrated economic viability.

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

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

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

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

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

Darin Labrenz, P.Geol., Pure Gold’s President & CEO, is the Company’s QP for the purposes of NI 43-101, and has reviewed and validated that the scientific or technical information contained in this MD&A related to the RL Mine Technical Report, is consistent with that provided by the QPs responsible for preparing the RL Mine Technical Report, and has verified the technical data disclosed in this document relating to those projects in which the Company holds an interest. Mr. Labrenz has consented to the inclusion of the Technical Information in the form and context in which it appears in this MD&A.

Cautionary Notes Regarding Forward-Looking Statements

This MD&A, contains “forward-looking information” and “forward-looking statements” within the meaning of applicable securities laws, which include, but are not limited to, statements or information concerning, future effect of the COVID-19 pandemic, future financial or operating performance of Pure Gold and its business, operations and properties and statements with respect to those that address potential quantity and/or grade of minerals, potential size and expansion of a mineralized zone, proposed timing of exploration and development plans, the growth potential of the Mine project and opportunities for scalability, the potential to increase after-tax net present value to the Mine project, the potential for Russet South, Fork and Wedge

to be economically viable, planned mining methods, mineral processing and sources of power, expected annual production, potential profitability of the RL Mine project at lower metal prices, expected capital costs, expected 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 and the focus of the Company in the coming months, as well as specific historic data associated with and drill results from those properties, and the reliance on technical information provided by other third parties; the timing and amount of estimated capital, operating and exploration expenditures, costs and timing of the development of new deposits and of future exploration, acquisition and development activities, estimated exploration budgets and timing of expenditures and community relations activities, requirements for additional capital; completion of expenditure obligations under an option agreement and earn-in agreements to which the Company is a party; government regulation of mining operations, environmental risks and reclamation expenses, title disputes, the ability to maintain exploration licences for its properties in accordance with the requirements of applicable mining laws in Canada; government regulation of exploration and mining operations; environmental risks, including satisfaction of requirements relating to the submissions and successful defence of EIA reports and other claims or existing, pending or threatened litigation or other proceedings, limitations of insurance coverage, future issuances of Common Shares to satisfy earn-in obligations or the acquisition of exploration properties and the timing and possible outcome of regulatory and permitting matters and any other statement that may predict, forecast, indicate or imply future plans, intentions, levels of activity, results, performance or achievements, and involve known and unknown risks, uncertainties and other factors which may cause the actual plans, intentions, activities, results, performance or achievements of Pure Gold 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 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 Pure Gold 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: general business, economic, competitive, political, regulatory and social uncertainties; disruptions or changes in the credit or securities markets and market fluctuations in prices for Pure Gold’s securities; judgement of management when exercising discretion in their use of

proceeds from a financing; potential dilution of Common Share voting power or earnings per share as a result of the exercise of Options, 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 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 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, pitwall failures, 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; Pure Gold'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 Pure Gold'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.

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

Note to United States Investors Concerning Estimates of Measured, Indicated and Inferred Resources

Mineral resources that are not mineral reserves do not have demonstrated economic viability. Mineral resource estimates do not account for mineability, selectivity, mining loss and dilution. It is reasonably expected that the majority of inferred mineral resources could be upgraded to indicated mineral resources with continued exploration; however, there is no certainty that these inferred mineral resources will be converted into mineral reserves, once economic considerations are applied. The mineral resource estimates referenced in this MD&A use the terms "Indicated Mineral Resources" and "Inferred Mineral Resources". While these terms are defined in and required by Canadian regulations (under NI 43-101), these terms are not recognized by the U.S. Securities and Exchange Commission ("SEC"). "Inferred Mineral Resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. The SEC normally only permits issuers to report mineralization that does not

constitute SEC Industry Guide 7 compliant “reserves” as in-place tonnage and grade without reference to unit measures. U.S. investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves. Pure Gold is not an SEC registered company.

Approval

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

Additional Information

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

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PURE GOLD MINING INC.

/s/ “Darin Labrenz”
Darin Labrenz
President and Chief Executive Officer

PURE GOLD MINING INC.

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