



**Pure Gold Mining Inc.**

Annual Information Form  
for the fiscal year-ended December 31, 2020

Dated March 31, 2021

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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, timing of commercial production, 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 and the focus of the Corporation in the coming months. 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 31, 2021, 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, 2020 (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](http://www.puregoldmining.ca) and on SEDAR at [www.sedar.com](http://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 31, 2021, 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](http://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.

Darin Labrenz, P.Geo. President and Chief Executive Officer, and a Qualified Person, has reviewed and verified the accuracy of the Technical Information in this AIF. Mr. Smerchanski has consented to the inclusion of the Technical Information in the form and context in which it appears in this AIF and has approved the written disclosure of such information.

## **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**

In addition to the exploration work conducted by the Corporation on the PureGold Mine Project, on March 12, 2018 the Corporation entered into an option agreement whereby a subsidiary of Kinross Gold Corp. (“**Kinross**”) was granted a right to earn a 70% interest in the Corporation’s Van Horne project in Ontario. A small exploration program was initiated on Van Horne, with the Corporation as operator. The program is fully funded by Kinross. Kinross took over as operator in January 2019. The Corporation has no plans to explore any other assets in its mineral properties’ portfolio other than the PureGold Mine Project.

On May 24, 2018, the Corporation closed a bought deal private placement consisting of the sale of 16,130,000 units of the Corporation (“**May 2018 Units**”) at a price of \$0.62 per May

2018 Unit and 4,000,000 Common Shares on a flow through basis (“**2018 FT Shares**”) at a price of \$0.75 per 2018 FT Share (the “**2018 Bought Deal Offering**”). Each May 2018 Unit consisted of one Common Share and one-half of a common share purchase warrant (each whole common share purchase warrant, a “**May 2018 Warrant**”), with each May 2018 Warrant exercisable into one Common Share of the Corporation at a price of \$0.85 until May 24, 2020.

Concurrent with the 2018 Bought Deal Offering, the Corporation also issued 12,800,000 May 2018 Units to AngloGold Ashanti Limited (“**AngloGold**”), at a price of \$0.62 per May 2018 Unit, on a non-brokered private placement basis. With its purchase, AngloGold then owned 14.9% of the Corporation’s issued and outstanding Common Shares, on a non-diluted basis and 16.46% on a partially diluted basis, assuming only AngloGold exercised its May 2018 Warrants.

Proceeds from the 2018 Bought Deal Offering and concurrent non-brokered private placement of May 2018 Units were used to further explore and develop the PureGold Mine Project and for general working capital purposes. Proceeds from the sale of the 2018 FT Shares portion of the 2018 Bought Deal Offering were used for exploration financing that qualified as “Canadian Exploration Expenses” as defined in the *Income Tax Act* (Canada) on the PureGold Mine Property.

On November 29, 2018, PureGold announced a summary of results of its test mining at the PureGold Mine Project, which was successful in highlighting the strong visual nature of the mineralization, demonstrating excellent ground conditions, and confirming the geologic model that underpins the mine plan for the feasibility study (“**FS**” or “**Feasibility Study**”) (see below). Results exceeded expectations, with tonnes, grade and mining width greater than predicted from the resource model. Overall, an average grade of 10.2 g/t gold was returned from 1,555 muck samples collected during mining of the bulk sample. The average grade of 10.2 g/t gold is a capped, diluted mined grade, which comprises all muck samples from 70 rounds of freshly blasted rock, each of which averaged above a cut-off of 4.0 g/t gold.

Key points from the test mining were:

- At a 4.0 g/t gold cut-off, the bulk sample estimate includes 46% more tonnes, 8% higher gold grade and an estimated 56% more ozs of gold than predicted from the resource model blocks;
- Overall mining width of 5.3 metres, exceeding the predicted width of the mineralized structures by 53%;
- In the two planned stoping areas, mined tonnes were within 1% of the predicted tonnes from the resource model, with an estimate of 14% more ozs than expected due to a higher than predicted average diluted grade of 10.9 g/t gold at a 4.0 g/t gold cut-off; and
- Underground drilling conducted during test mining defined a third stoping area, resulting in the mining of an estimated 440 additional ozs of gold from 1,575 tonnes at a grade of 8.7 g/t gold.

On December 3, 2018, PureGold announced that it was changing its fiscal year-end to December 31, from its previous fiscal year-end of March 31. PureGold believes this change of year-end better aligns the Corporation’s financial reporting periods to that of its peer group in the mineral resources sector, which allows investors to more easily compare quarterly and annual financial results.

On February 5, 2019, PureGold announced an updated mineral resource estimate for the PureGold Mine Project that was used as the basis of the FS (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 robust 12-year high grade, 800 tonne per day underground mining operation with low initial capital cost and strong financial performance.

Base case parameters in the FS assume a gold price of US\$1,275/oz and an exchange rate (C\$ to US\$) of 0.75. Highlights of the FS are as follows:

- Probable mineral reserves of 3.5 million tonnes at 9.0 g/t containing 1.0 million ozs of gold (February 5, 2019);
- Low initial capital requirement of \$95 million including a 9% contingency;
- Mine life of 12.3 years with a 13-month pre-production period;
- Peak annual production of approximately 125,000 ozs with average annual gold production in years 3 through 7 of approximately 102,000 ozs;
- Life of mine (“**LOM**”) direct operating cash cost<sup>1</sup> estimated at US\$607 per ounce of gold recovered;
- LOM all in sustaining cash cost (“**AISC**”) <sup>1</sup> estimated at US\$787 per ounce of gold recovered;
- Pre-tax NPV<sub>5%</sub> and IRR of \$353 million and 43% respectively with a 3.0-year payback of initial capital; and

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<sup>1</sup>Cash cost and AISC are non-GAAP performance measures and therefore have no standardized meaning under IFRS; please see “Non-GAAP Measures and Other Financial Measures” for further information.

- After-tax NPV<sub>5%</sub> and IRR of \$247 million and 36% respectively with a 3.4-year payback of initial capital.

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 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.

The proposed PureGold Mine implementation schedule is over a period of 13 months, with underground mine development commencing approximately 9 months before first gold pour. Per the FS, the PureGold Mine Project requires 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<sup>1</sup> 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](http://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 (a “**July 2019 Unit 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 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 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<sup>2</sup>, 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

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<sup>2</sup>Completion will occur when construction is complete, and the RL Mine has successfully completed an agreed completion test.

### *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, 2021 by paying US\$35 million; or
  - 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**").

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 of Directors, 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, 2020 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 March 31, 2021, the Corporation reached a binding letter agreement with Sprott to amend the terms of the Facility (the “**Amendment**”) to increase the amount available to the Company by a further US\$20 million, with US\$12.5 million to be available to the Company upon closing and the remainder to be available upon satisfaction of certain conditions (detailed below). The Amendment also provides for the deferral of cash interest payments until September 30, 2021 and minor changes to certain covenants. All other key terms and conditions of the Facility remain unchanged. In consideration of the Amendment, PureGold will pay to Sprott an amount equal to 4% of the additional debt amount, payable in shares. The Amendment is subject to TSX-V approval.

The Lender will make available an additional US\$0.50 of aggregate principal amount, up to a maximum of US\$7.5 million, for every US\$1.00 raised by the Company through the combination of equity offerings, the exercise of existing share purchase warrants, and/or the exercise of existing stock options. For greater clarity, if the Company raises US\$5 million in equity, an additional US\$2.5 million aggregate principal amount would be made available, should the Company wish to take it.

## **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; 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 or the effects of the COVID-19 pandemic 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, 2020 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 and development of mineral 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 objective is to become a producing gold company. PureGold's technical and management teams are currently focused on advancing the PureGold Mine Project, a high-grade gold project located in Red Lake, Ontario, Canada and centered around two significant past producing gold 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 seven 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. The Corporation will now ramp up production activities and forecasts reaching commercial production at the PureGold Mine in the second quarter of 2021.

Further information about PureGold can be found in the Corporation's regulatory filings available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Corporation's website at [www.puregoldmining.ca](http://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, Battle North Gold, Great Bear Resources and Equinox Gold. Several junior exploration companies are 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 31, 2021, the Corporation had 245 employees. The Corporation also has access through an administrative and technical services agreement (the "**Services Agreement**") with Oxygen Capital Corp. ("**Oxygen**"), to a number of highly skilled individuals with many years of experience within the mining industry in areas such as structural geology, engineering, finance and business development.

The Corporation has entered into the Services Agreement with Oxygen, a private entity owned in part by a director and a member of senior management of the Corporation to provide services to the Corporation including staffing, office rental and other administrative functions on a cost recovery basis. The Corporation benefits from expanded access to technical and administrative personnel as a result of the Oxygen relationship. Several key personnel of the Corporation are employed by Oxygen and provide services through the arrangement including key technical staff and the Corporation's Chief Financial Officer. A total of up to 6 people from Oxygen provide services to the Corporation.

### **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 no lost-time accidents during the fiscal years ended December 31, 2020 and December 31, 2019.

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, 2020 and December 31, 2019.

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, 2019 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.

### **Risk related to 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.

The Corporation successfully put the PureGold Mine into production during the pandemic in 2020 with minimal interruptions to the PureGold Mine Project schedule or employees and contractors; however, there is no guarantee that COVID-19 or its various variants won't have a significant impact to ongoing (a) production of gold and silver through impacting employees both at the mine site and head office (b) construction activities of remaining surface infrastructure, and (c) the procurement of goods and potential supply chain issues.

The Province of Ontario has implemented various orders and made a number of restrictions on the movement of people and has ordered at-risk workplaces to close-down, while encouraging businesses to explore opportunities to continue operations through work-from-home and innovative business models. At the same time, the government reminded businesses to put in place protocols for physical distancing and regular hand-washing in order to protect the health and safety of employees and the general public, all of which the Corporation has done and will continue to do as the situation evolves.

Essential businesses have been exempt from this order and mining and exploration are currently defined as an essential business. While exempt from the orders to date, there can be

no guarantee that the COVID-19 situation in Ontario won't become worse and the exemption lifted, forcing the Corporation to close its PureGold Mine Project site.

A closing of the PureGold Mine Project site would result in significant costs and loss of gold production when scheduled. Depending upon how the Corporation would deal with ongoing employment of staff at both the PureGold Mine Project site and head office, losses could amount to in excess of \$1.5 million per month in salaries and wages of current employees plus ongoing debt servicing costs without offsetting revenues from gold sales.

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.

### **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.

## **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.

### **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.

### **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.

Gold production during the first quarter of 2021 has not met expectations. Mill feed to date has come from the lower grade upper portion of the mine through both mine development as well as from three longhole stopes. The Corporation completed surveys of the first two stopes mined by longhole via the Main Ramp and determined that that significant overbreak occurred resulting in increased mine dilution and a reduction of grade from plan. Additionally, one of the three longhole stopes encountered a significant volume of non-mineralized dykes resulting in internal dilution. The Corporation is adjusting its blasting practices to reduce dilution from overbreak and is reviewing some planned stopes for conversion to mechanized cut and fill mining methodology. Additional drilling is being conducted on several stopes planned for early production and this has resulted in delays in access to high grade stopes.

Additionally, the timing of receipt of final permits has resulted in reduced mine flexibility as fewer working faces were available during the first few months of operations, including from the Company's East ramp. As a consequence of the above factors, significant mill feed in the first quarter has been sourced from the Corporation's low-grade stockpiles.

During the first quarter to March 29, 2021, the Company produced an estimated total of 4,011 gold ounces (including estimated gold in circuit) compared to 13,715 gold ounces per the feasibility study, a reduction of 9,704 gold ounces. This shortfall has dramatically affected the Company's positive cash flows and cash resources., resulting in necessity for the Amendment.

### **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, 2020, 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.

### **History of Net Losses and Negative Operating Cash Flow**

The Corporation has generated minimal operating revenue from the operation of the PureGold Mine to date and 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 anticipates that it will continue to have negative cash flow until such time that commercial production is achieved at the PureGold Mine Project.

The Corporation has only begun the production of gold and silver from the PureGold Mine and has not yet reached commercial production 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 enters into commercial production and generates sufficient revenue to fund continuing operations. Gold production has not met expectations during the first quarter of 2021 and the Corporation is actively seeking additional capital to allow it to continue through to commercial production. There can be no assurance that once in commercial production that problems are not encountered that may mean mining operations are not profitable and additional funds need to be raised.

### **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 400,812,256 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 exploration 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 (the “**Option Plan**”) and restricted share units (“**RSUs**”) and deferred share units (“**DSUs**”) pursuant to the Corporations RSU and DSU plans, respectively. As at March 31, 2021, there were 14,968,335 Common Shares issuable upon the exercise of outstanding Options at a weighted average exercise price of \$0.92 per Common Share and 1,088,451 RSU’s and 1,078,306 DSUs outstanding. The Corporation also has 32,393,000 Common Share purchase warrants outstanding with an exercise price of \$0.85 per share, which expire on July 18, 2022.

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 stock 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.

### **Indebtedness**

The Corporation may not be able to generate sufficient cash to service all of its current and future indebtedness, including the US\$65 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.

### **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 Project. 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.

### **Major Shareholder with greater than 10% Holding**

AngloGold and Eric Sprott each hold in excess of 10% of the Corporation’s Common Shares. As a result, AngloGold and Eric Sprott 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 and Eric Sprott 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 and Eric Sprott’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.

### **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.

### **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 undercapitalization, 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.

### **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 shareholder. 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 and 2019 fiscal year ends, which are available on the Corporation's website. The calculation for the Corporation's December 31, 2020 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.

## **Liquidity Risk**

PureGold had drawn down US\$65 million in debt under the Facility and has received US\$25 million in proceeds from the Callable Gold Stream as at the date of this AIF and has approximately \$12 million in cash and short-term deposits primarily held with large Canadian commercial banks. The Corporation has also negotiated the Amendment to provide it access to up to a further US\$20 million in capital assuming certain conditions are met.

Liquidity risk arises through the excess of financial obligations due over available financial assets at any point in time. The Corporation's objective in managing liquidity risk will be to maintain sufficient readily available cash reserves in order to meet its liquidity requirements at any point in time. The Corporation's planned schedule of development cost spend combined with proceeds to be received from planned gold and silver production mean that the Corporation should have sufficient cash or access to cash to complete the commissioning of the final pieces of surface infrastructure at the PureGold Mine and commence commercial production. If costs escalate or production does not meet planned levels, the Corporation may not have sufficient liquidity to discharge its liabilities 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 Corporation's board of directors (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 31, 2021, 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](http://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 km<sup>2</sup>). 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 tholeiite 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
<b>Total</b>	<b>7,196,000</b>	<b>8.9</b>	<b>2,063,000</b>	<b>1,880,000</b>	<b>7.7</b>	<b>467,000</b>

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	Au Grade	Au Ounces
	(kt)	(g/t)	(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 Stopping, 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 <sup>3</sup>	951	-	34	60	50	68	77	69	85	105	105	99	104	80	14
Rock Fill Placed	k m <sup>3</sup>	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 SO<sub>2</sub>/Air process. The slurry will be agitated in one of two tanks for 1 hour using copper sulphate (CuSO<sub>4</sub>) 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 SO<sub>2</sub>.

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.<sup>3</sup>

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.

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<sup>3</sup> 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 Naotkamegwaning 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 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 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 are 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.

Gold production during the first quarter of 2021 has not met expectations. Mill feed to date has come from the lower grade upper portion of the mine through both mine development as well as from three longhole stopes. The Corporation completed surveys of the first two stopes mined by longhole via the Main Ramp and determined that that significant overbreak occurred resulting in increased mine dilution and a reduction of grade from plan. Additionally, one of the three longhole stopes encountered a significant volume of non-mineralized dykes resulting in internal dilution. The Corporation is adjusting its blasting practices to reduce dilution from overbreak and is reviewing some planned stopes for conversion to mechanized cut and fill mining methodology. Additional drilling is being conducted on several stopes planned for early production and this has resulted in delays in access to high grade stopes.

Additionally, the timing of receipt of final permits has resulted in reduced mine flexibility as fewer working faces were available during the first few months of operations, including from the Corporation's East ramp. As a consequence of the above factors, significant mill feed in the first quarter has been sourced from the Corporation's low-grade stockpiles.

During the first quarter to March 29, 2021, the Company produced an estimated total of 4,011 gold ounces (including estimated gold in circuit) compared to 13,715 gold ounces per the feasibility study, a reduction of 9,704 gold ounces. This shortfall has dramatically affected the Company's positive cash flows and cash resources and required the Corporation to seek additional capital resulting in the Amendment.

Fortunately, the East ramp is now progressing ahead of the revised schedule and the Corporation expects to gain access to stopes accessible by the East portal in April, which should significantly increase the mine flexibility through the addition of working faces, alleviating pressure

on the Main Ramp to provide mill feed exclusively. The Corporation expects that increased development from the main ramp, local use of a more selective mining method, and the addition of these stopes from the East ramp will bring production back in line with plan.

The milling facility continued its ramp-up during the quarter. Since late January, the milling facility at the PureGold Mine has been operating on average at greater than 75% of nameplate capacity, including multiple consecutive days at greater than 800 tonnes per day (tpd) and a peak daily throughput of 897 tpd. Minor ramp-up issues first related to water balance and undersized pumps in January and more recently related to mis-calibrated power draw controls on the mill in early March, have been identified and solutions implemented effectively. The milling facility is now operating reliably at design capacity, with a peak daily throughput in March of 897 tonnes. Interstage screens for the CIP tanks and a trommel screen for the SAG discharge are scheduled to be installed in May which will further enhance operational stability and will position the milling facility for potential expansions beyond 800 tpd in the future. Gold recoveries have been tracking in line with expectations with both the gravity and CIP circuits performing well. Gold pours have continued on a regular basis during the entire commissioning period.

The Corporation continues to revise its plans for the years and anticipates being in a position to provide further guidance for the balance of 2021 once commercial production is declared.

### ***Exploration activities***

Since the effective date of the Technical Report of February 5, 2019, the Corporation has completed 64,664 metres of exploration drilling consisting of 57,544 metres in 187 core holes from surface and 7,120 metres in 117 core holes from underground.

The drilling programs were completed with diamond drill rigs from Hy-Tech Drilling of Smithers, BC. All surface holes were drilled with NQ (47.6 mm) diameter core and the underground drill holes were a mix of NQ and EW (25.2 mm) sizes. All drillholes were photographed and logged in detail including capture of key stratigraphic, structural, and alteration geologic information. All surface hole cores were sawn in half prior to sampling with half core retained for further study and some underground hole cores were whole core sampled in areas of dense drilling with the remainder half core sampled. All core intervals were completely sampled for assay from top to bottom of hole with the exception of some unaltered intervals in the younger hanging wall volcanic sequence.

The surface drilling program was completed over several deposits on the PureGold Mine Property as follows:

### ***Madsen***

Exploration of the Madsen deposit at the PureGold Mine focussed on limited shallow infill and extension drilling on the limits of the main orebody at the northeast extent of the Austin domain and southwest extent of the McVeigh domain. Between October and November 2019, 36 holes for 3623 metres were drilled to test these zones. Results were generally successful in defining the limits of the planned stopes and in providing extension potential which will be followed up with underground drilling. Highlight intercepts included<sup>4</sup>:

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<sup>4</sup> See the Corporation's press release 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).

- 24.9 g/t gold over 1.0 metres from drill hole PG19-708;
- 34.1 g/t gold over 2.2 metres from drill hole PG19-710;
- 33.1 g/t gold over 3.4 metres from drill hole PG19-719; and
- 11.2 g/t gold over 2.3 metres from drill hole PG19-720.

## **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 Mining's Red Lake Mine, and remains open for expansion. The 8 Zone domain of the Madsen orebody lies at depth, 1000 metres below surface and was planned to be tested by three holes totalling 3602 metres in September 2020. All three holes were wedged off of parent hole PG17-459. PG20-776 and PG20-778 were abandoned after excessive unplanned deviation created a risk of encountering historical mine workings. PG20-781 was abandoned due to technical problems in the drillhole at depth (failed wedging equipment). The target was not tested, and the Corporation will wait until ramp development has advanced, allowing for targeting of the 8-Zone from underground later in 2021.

## **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<sup>5</sup>. 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.<sup>6</sup> 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 has provided further refinement of the target model and additional drill testing is ongoing in winter-spring 2021.

## **Derlak**

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

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<sup>5</sup> 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).

<sup>6</sup> 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).

seismic data was tested by drilling in late 2020 and into 2021<sup>7</sup>. This target lies along strike and down-plunge of the main mine sequence. PG20-816 was a shallow test to locate the Derlak structure under shallow cover. This hole was successful in intersecting quartz veining along the structure, though no significant gold values were returned.

### ***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 79 holes for 23,956 metres at the Wedge deposit in the first and second quarters of both 2019 and 2020 focussed on resource growth and also targeted inferred category resources to advance the resource. This drilling added 530 metres of mineralized strike length to the Wedge Zone. 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; and
- 24.3 g/t gold over 1.0 metre from drill hole PG20-775.<sup>8</sup>

An updated resource estimate for Wedge is expected to be included in the next project resource update in 2021.

### ***Russet South***

Six drill holes for 1,384 metres were drilled at the Russet South deposit in 2019 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.<sup>9</sup>

### ***Starratt***

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<sup>7</sup> 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).

<sup>8</sup> 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).

<sup>9</sup> 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).

The Starratt Olsen Mine operated from 1948 to 1956 and is reported to have produced 163,990 ounces gold at an average grade of 6.17 g/t gold from 823,554 tonnes of ore. Underground production at Starratt spanned from surface to a vertical depth of 600 metres, with a strike extent of approximately 1,100. Twelve drill holes for 5,250 metres were drilled at the northern extension of the historical Starratt mine in the second half of 2020. The 2020 program was highly successful in extending the strike extent of a discovery made by PureGold in 2016 below the 600 metre level with PG16-198 returning 34.0 g/t gold over 11.0 metres and also at identifying a new near surface strike extension of the mine towards the northeast. . Drilling results highlights include:<sup>10</sup>

- 16 g/t gold over 5.0 metres from drill hole PG20-817 at Wedge-ST; including 33.0 g/t gold over 1.0 metre and 19.5 g/t gold over 1.0 metre; and
- 10.5 g/t gold over 3.5 metres from drill hole PG20-797 at Wedge-ST; including 28.9 g/t gold over 1.0 metre;

Further follow-up drilling is planned in 2021.

### **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. Drilling will continue in 2021. Initial drilling results highlights from 2021 include:<sup>11</sup>

- 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:<sup>11</sup>

- 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;

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<sup>10</sup> 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).

<sup>11</sup> 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).

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

### ***West Ramp***

Underground drilling occurred in campaigns from 2020 to 2021 as new access was opened from the West portal and ramp. Underground drilling focussed on stope both infill and step-out extension drilling in areas of the Madsen deposit Austin and McVeigh resource domains in close proximity to the West ramp. Results from the underground drilling helped to refine short term mine plans and identified potential extensions to stopes that may be incorporated into future short term mine plans. Extension and infill drilling is ongoing with two PureGold operated diamond drill rigs and one drill from Hy-Tech Drilling.

### ***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. A 3D magnetics inversion model was completed in late 2020 by Hardrock Geophysics of Toronto, Ontario which is also supporting these deeper targeting efforts. Further interpretive work is planned in 2021 and advance preparation, including line clearing, for a large 3D seismic survey in January 2022 is underway.

## **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 400,812,256 Common Shares issued and outstanding as of March 31, 2021. 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, 2<sup>nd</sup> 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, 2019	Outstanding on March 31, 2021
Common Shares	Unlimited	397,480,777	400,812,256

The Corporation has outstanding 32,393,000 Common Share purchase warrants outstanding with an exercise price of \$0.85 per share and an expiry date of July 18, 2022.

## 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<sup>12</sup>:

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<sup>12</sup> 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](http://www.sedi.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).

Name	Number of Common Shares	Percentage of Common Shares
AngloGold Ashanti International Exploration Holdings Ltd.	62,346,251	16%
Eric Sprott (2176423 Ontario Ltd.)	47,868,421	12% <sup>13</sup>

### 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 2020	38,591,500	3.08	2.27
November 2020	12,067,500	2.44	2.12
October 2020	15,188,800	2.59	2.07
September 2020	21,676,300	2.79	2.01
August 2020	18,750,700	2.15	1.68
July 2020	35,424,900	2.31	1.67
June 2020	25,014,200	1.80	1.24
May 2020	35,947,900	1.39	0.81
April 2020	9,935,000	0.85	0.60
March 2020	13,493,500	0.77	0.38
February 2020	8,979,700	0.83	0.58
January 2020	10,248,500	0.88	0.72

<sup>13</sup>In addition, Mr. Eric Sprott owns 21,925,000 Common Share purchase warrants that if exercised would increase his ownership to 17% on a partially diluted basis.

## 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, 2020.

Security	Date of Issuance	Aggregate Number Issued	Exercise Price (\$)
Options	February 19, 2020	350,000 <sup>(1)</sup>	0.77
Options	June 24, 2020	300,000 <sup>(1)</sup>	1.54
Options	December 17, 2019	1,955,000 <sup>(1)</sup>	2.84
RSUs	December 17, 2020	1,134,930 <sup>(2)</sup>	Not applicable
DSUs	July 20, 2020	100,000 <sup>(3)</sup>	Not applicable
DSUs	September 30, 2020	3,306 <sup>(3)</sup>	Not applicable
DSUs	December 17, 2020	975,000 <sup>(3)</sup>	Not applicable

<sup>(1)</sup> These Options were issued to employees, directors and consultants.

<sup>(2)</sup> These RSU's were granted to employees

<sup>(3)</sup> These DSUs were granted to directors.

As at March 31, 2021, there were 14,968,335 Common Shares issuable upon the exercise of outstanding Options at a weighted average exercise price of \$0.92 per Common Share, 32,393,000 Common Shares issuable upon the exercise of outstanding Warrants at an exercise price of \$0.85 per Warrant, 1,088,451 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 31, 2021, 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
<b>GRAEME CURRIE</b> <sup>(1)(2)</sup> Chairman, British Columbia, Canada	Director and Chairman of PureGold since March 4, 2014. Self-employed. Director of Balmoral Resources Ltd. <sup>(5)</sup> since January 13, 2014. Director of Investment Banking, Canaccord Genuity until August 2012.	March 4, 2014
<b>DARIN LABRENZ</b> <sup>(4)</sup> Director, British Columbia, Canada	President, CEO & Director of PureGold since February 15, 2011. Formerly with Terrane Metals Corp. (2006-2010), as Chief Geologist and subsequently VP Business Development. Prior to Terrane, senior geologist and management within Placer Dome Group from 1996 to 2006.	February 15, 2011

Name, Province/State of Residence	Office held with Corporation and Principal Occupation for Five Preceding Years	Director Since
<p><b>DR. MARK O'DEA</b><sup>(2)(3)</sup> Director, British Columbia, Canada</p>	<p>Director of PureGold since March 4, 2014. Director and Chairman, Liberty Gold Corp.<sup>(6)</sup> since April 2011. Director of Discovery Metals since May 2017. Director and Executive Chairman of Northwest Copper since March 2021. Director of Sun Metals from January 2018 to March 2021. President and Director, Oxygen Capital Corp.<sup>(7)</sup> from February 2012 to present. Executive Chairman, True Gold Mining Inc. from December 2012 to April 2016. Chairman and CEO, Blue Gold Mining Inc. from September 2011 to December 2012. President and Chief Executive Officer, Fronteer Gold Inc. from 2001 to 2011.</p>	<p>March 4, 2014</p>
<p><b>LENARD BOGGIO</b><sup>(1)(3)</sup> Director, British Columbia, Canada</p>	<p>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.</p>	<p>March 4, 2014</p>
<p><b>TROY FIERRO</b><sup>(1)(4)</sup> Director, Colorado, USA</p>	<p>Director of PureGold since May 12, 2014. 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.</p>	<p>May 12, 2014</p>
<p><b>ROBERT PEASE</b><sup>(2)(4)</sup> Director, British Columbia, Canada</p>	<p>Director of PureGold since June 24, 2014. Director of Liberty Gold Inc.<sup>(6)</sup> since April 2011, interim President &amp; CEO of Pilot Gold Inc. from November 12, 2015 to February 22, 2016. Former President and CEO of Sabina Gold &amp; Silver Corp. from October 2011 to February 2015.</p>	<p>June 24, 2014</p>
<p><b>MARYSE BELANGER</b><sup>(3)(4)</sup> Director, British Columbia, Canada</p>	<p>Director of PureGold since February 14, 2020. President &amp; CEO and director of Augusta Gold<sup>(12)</sup> since September 2020. President of the Americas for St. Barbara Ltd.<sup>(7)</sup> from July 2019 to February 2020. COO and Director of Atlantic Gold<sup>(8)</sup> from July 2016 to July 2019. CEO and Managing Director of Mirabela Nickel<sup>(9)</sup> from June 2014 to July 2016.</p>	<p>February 14, 2020</p>
<p><b>SEAN TETZLAFF</b> British Columbia, Canada</p>	<p>Chief Financial Officer of PureGold since May 13, 2014 and Corporate Secretary since June 1, 2016. Vice President and Director of Oxygen Capital Corp.<sup>(8)</sup> from February 2012 to present. Chief Financial Officer &amp; Corporate Secretary of Blue Gold Mining Inc. from September 2011 to February 2013. Director and Audit Committee Chair of Liberty Gold Corp.<sup>(6)</sup> from February 2011 to present.</p>	<p>Not Applicable</p>
<p><b>PHILIP SMERCHANSKI</b> British Columbia, Canada</p>	<p>Vice-President, Exploration of PureGold since April 29, 2016. Senior Geologist with Oxygen Capital Corp.<sup>(10)</sup> from June 2012 to present. President, T3 Exploration Ltd.<sup>(11)</sup> from April 2010 to present. Senior Geologist, Anglo American plc from January 2004 to April 2010.</p>	<p>Not Applicable</p>

Name, Province/State of Residence	Office held with Corporation and Principal Occupation for Five Preceding Years	Director Since
<b>KENNETH DONNER</b> British Columbia Canada	Vice-President, Operations of PureGold since September 2016. Construction Manager Amec Foster Wheeler <sup>(11)</sup> from August 2011 to September 2016.	Not Applicable
<b>CHRISTOPHER HAUBRICH</b> British Columbia, Canada	Vice President, Business Development of Pure Gold since January 1, 2021. Vice President, Investment Banking, National Bank from June 2018 to December 2020. Associate, Investment Banking, National Bank from May 2015 to May 2018.	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 14,754,249 Common Shares representing approximately 4% 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, 2020. PwC report that they are 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:

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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](http://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
January 28, 2020	Philip Smerchanski P. Geo.
March 26, 2020	Ken Donner P. Eng.
May 11, 2020	Ken Donner P. Eng.
June 4, 2020	Philip Smerchanski P. Geo.
June 24, 2020	Ken Donner P. Eng.
July 7, 2020	Philip Smerchanski P. Geo.
July 28, 2020	Philip Smerchanski P. Geo.
October 27, 2020	Philip Smerchanski P. Geo.
December 7, 2020	Philip Smerchanski P. Geo.
December 16, 2020	Ken Donner P. Eng.
March 31, 2021	Ken Donner P. Eng.

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 employment with the Corporation. Mr. Smerchanski is the Corporation's Vice-President, Exploration and Mr. Donner is VP Operations. 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 December 2020 Annual Information Form

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:

- Credit Agreement dated August 6, 2019, between PureGold Mining Inc. (as borrower) and Sprott Private Resource Lending II (Collector), LP (as Lender);
- 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](http://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, 2020 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 Troy Fierro, 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., SRHI 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.

##### Troy Fierro

Mr. Fierro is a Mining engineer with over 30 years of industry experience. Mr. Fierro 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. He is a former director of Grayd Resources and Timberline Resources.

### 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, 2019 and December 31, 2018:

	Fiscal Period Ended	
	December 31 2020	December 31 2019
Audit fees	\$ 298,893	\$73,647
Audit related fees	\$ 58,984	\$ -
Tax fees	\$ -	\$ 3,814
Other fees	\$ 11,025	\$11,797
<b>Total</b>	<b>\$ 368,902</b>	<b>\$89,258</b>

#### *Audit Fees*

Audit fees paid increased by \$256,625 from December 31, 2019 to December 31, 2020 reflecting an increase in the annual audit fee charge due to the increased complexity of the Corporation's financial statements as a result of its Facility.

#### *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, 2019 relate to quarterly reviews provided by PwC. No such related services were provided in the prior year.

#### *Tax Fees*

There were no tax fees paid by the Corporation to PwC in either of the last two fiscal years.

#### *All Other Fees*

Other fees paid relate to non-audit tax work performed by the external auditor.

### 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](http://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](http://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:

### Financial Accounting and Reporting Process and Internal Controls

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.

#### Independent Auditor

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:

December 2020 Annual Information Form

- 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: \_\_\_\_\_