



**HIGHGOLD MINING INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the six months ended June 30, 2023



## HIGHGOLD MINING INC.

Management's Discussion and Analysis  
For the Six Months Ended June 30, 2023  
(Expressed in Canadian Dollars)

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### **GENERAL**

The information in this Management's Discussion and Analysis ("MD&A") is intended to assist the reader in the understanding and assessment of the trends and significant changes in the results of operations and financial conditions of HighGold Mining Inc. (the "Company" or "HighGold"). This MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company for the six months ended June 30, 2023 and the audited consolidated financial statements of the Company for the year ended December 31, 2022, and other information relating to the Company on file with the Canadian provincial securities regulatory authorities on SEDAR at [www.sedar.com](http://www.sedar.com). The Company's consolidated financial statements for the six months ended June 30, 2023 and for the year ended December 31, 2022 have been prepared in accordance with International Financial Reporting Standards ("IFRS").

This MD&A contains forward-looking statements. Please refer to the cautionary language at the end of this document.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

HighGold is a mineral exploration company focused on premier high-grade gold projects located in North America. HighGold's flagship asset is the high-grade Johnson Tract Gold (Zn-Cu) Project, ("JT" or the "Project") a gold-dominant polymetallic deposit, located in an accessible area of south-central coastal Alaska, USA. HighGold's experienced Board and senior management team, are committed to providing shareholder value through discovery, careful stewardship of capital, and environmentally and socially responsible mineral exploration activities.

The Company is a reporting issuer in British Columbia, Alberta and Ontario and trades on the TSX Venture Exchange ("TSX-V") under the symbol HIGH. HighGold's symbol on the US Over-the-Counter trading market was changed to HGMIF as a result of the spin-out of the Company's Canadian assets to Onyx Gold Corp. ("Onyx Gold").

This MD&A has taken into account information available up to and including August 24, 2023.

### **HIGHLIGHTS**

#### **Spin-out of Canadian Mineral Properties**

In March 2023, the Company completed an arrangement agreement for the spin-out of its Ontario and Yukon exploration properties to its wholly-owned subsidiary, Onyx Gold. The spin-out was conducted by way of a plan of arrangement (the "Arrangement") under the British Columbia Business Corporations Act effective on June 6, 2023. Pursuant to the Arrangement, the shareholders of the Company were entitled to receive one Onyx Gold share for every four shares of the Company held, distributed on a pro rata basis and the Company received 5,000,000 shares of Onyx Gold.

The intention is for Onyx Gold to continue to maintain an association with HighGold, leveraging the strength and efficiency of our in-house technical teams under one umbrella. HighGold owns approximately 12% of the Onyx Gold, following completion of the spin-out and \$8.4M financing. The spin-out of Canadian assets to Onyx Gold now enables HighGold to dedicate 100% of the Company's effort on the important next steps at Johnson Tract. The Company has outlined an advanced exploration plan designed to support future underground drilling, engineering and economic studies, in parallel with significant exploration drilling to grow the property-wide mineral resource base and to continue testing new targets. Additionally, it provides existing HighGold shareholders with exposure to a new, well financed, discovery-focused exploration company with an exciting portfolio of Canadian assets.

### **\$9.25 Million Private Placement Completed**

In April 2023, the Company completed a non-brokered private placement, consisting of 14,029,243 shares at a price of \$0.66 per share for aggregate gross proceeds of \$9,259,300.

### **Johnson Tract Project**

The Company started the 2023 exploration program in late June with plans for a two rig, 8,000 meter drill program in addition to engineering, hydrogeology and environmental studies to support permitting an underground exploration ramp as part of a multi-year advanced exploration plan.

The objective of the 2023 drill program is to expand the known zones of mineralization at the Ellis Zone and JT Deposit and to test new high-potential target areas. Key drill targets include:

- **Ellis Zone Expansion** – Follow-up expansion drilling on 50 to 100-meter centers on the high-grade Au-Ag-Zn-Pb (+Cu) structurally controlled vein and breccia zone. The Ellis Zone shows similarities to the JT Deposit and remains open in multiple directions.
- **East Difficult Creek (Ellis Zone Regional)** – A new interpretation suggests that the mineralized system hosting the Ellis Zone is large and continues north and east under cover, and across syn-mineralization faults. Drilling will test offset and geophysical targets under overburden cover towards the East Difficult Creek prospect.
- **JT Deposit** – A potential east-west cross-fault has been identified south of the JT Deposit as the result of drilling and interpretative work completed in 2022. Drilling will test the continuation of the known mineralization to the south across this fault.
- **South Valley Target (JT Deposit South)** – A blind target is interpreted under overburden cover approximately one (1) km along strike to the south of the JT Deposit. Drilling will test a geophysical anomaly that shares a similar signature to the JT Deposit. Anhydrite alteration, a key alteration type surrounding the JT Deposit, borders the South Valley target.

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To support the design and permitting of an underground exploration ramp and related surface infrastructure, the 2023 exploration program includes the following activities:

- **Geotechnical and Hydrogeological Drilling** – Six (6) dedicated drill holes for conducting detailed hydrogeological studies including packer tests and monitoring wells, and geotechnical evaluation of the underground exploration ramp, road and airstrip.
- **Baseline studies** – A variety of studies and surveys including archaeological studies, characterization of surface hydrology, water quality sampling, aquatic surveys, wetland surveys, environmental rock geochemical analyses, and installation of an onsite weather station.
- **Road Permitting** – An application for a Section 404 permit was submitted in May to the US Army Corps of Engineers to lengthen and realign the existing airstrip and constructing of approximately 2.6 miles (4 km) of access road connecting the airstrip and Johnson Tract camp to the proposed exploration portal site. The permitting process for the road and airstrip is anticipated to take eight to 12 months to complete with the objective of having approvals in hand in advance of the 2024 field season.

In addition, the 2023 exploration program includes geological mapping, prospecting, and soil & rock sampling programs to follow-up and expand on the positive results generated from the 2022 program and refine new drill targets. The Company has also initiated an approximately **600-line kilometer airborne MagnetoTelluric ("Mobile MT") geophysical survey** over key prospect areas to identify new deeper targets.

**COMPANY BACKGROUND**

HighGold was listed on the TSX Venture Exchange in September 2019 under the ticker "HIGH". A history of the Company's financings is listed in the table below:

Date	Amount \$C	Shares Issued	Price \$C	Warrants
August 20, 2019 <sup>(1)</sup>	\$200,000	1,000,000	\$0.20	½ @ \$0.45, 5-year term
September 23, 2019	\$7,650,000	17,000,000	\$0.45	½ @ \$0.70, 2-year term
December 5, 2019 <sup>(2)</sup>	\$2,304,000	1,280,000	\$1.80	N/A
December 5, 2019	\$7,000,000	5,600,000	\$1.25	N/A
July 28, 2020	\$13,800,166	7,976,975	\$1.73	N/A
July 28, 2020 <sup>(3)</sup>	\$772,445	446,500	\$1.73	N/A
December 23, 2020 <sup>(2)</sup>	\$3,000,000	1,500,000	\$2.00	N/A
December 23, 2020 <sup>(2,3)</sup>	\$700,000	350,000	\$2.00	N/A
October 27, 2021 <sup>(4)</sup>	\$18,800,000	12,750,000	\$1.60	N/A
April 12, 2023 <sup>(5)</sup>	\$9,259,300	14,029,243	\$0.66	N/A

(1) Seed round completed by management and directors.

(2) Flow-through financing at premium to market.

(3) Side-car financing pursuant to existing investor rights agreement with strategic shareholder.

(4) Two-part financing – a \$13,800,000 prospectus offering bought deal and \$5,000,000 private placement to an existing strategic shareholder.

(5) Non-brokered private placement.

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## EXPLORATION PROPERTIES

### Overview

HighGold Mining is focused on its flagship Johnson Tract Property in south central coastal Alaska, USA with the intent to grow existing high-grade resources and make new high-grade discoveries. A multi-year advanced exploration plan has been developed for Johnson Tract designed to support future engineering, environmental and economic studies that evaluate the potential for a high-grade underground mine. A key component of this plan is establishing an underground exploration ramp to accommodate year-round exploration drilling.

### Johnson Tract Property

#### *JT Deposit*

The large, 21,000-acre Johnson Tract property is located near tidewater on Cook Inlet, 125 miles (200 kilometers) southwest of Anchorage. It includes the high-grade Johnson Tract Gold (Zn-Cu) Deposit ("JT Deposit") along with excellent exploration potential indicated by several other prospects over a 12-kilometer mineralized trend. Prior to HighGold, the project was explored in the mid-1990s by a mid-tier mining company that evaluated direct shipping gold mineralized material from Johnson to the Premier Mill near Stewart, British Columbia.

HighGold acquired Johnson Tract through a lease agreement with Cook Inlet Region, Inc. ("CIRI"), an Alaska Native regional corporation that is the largest private landowner within the Cook Inlet region. The Johnson Tract property is an inholding in Lake Clark National Park and was conveyed to the CIRI Native Corporation under the terms of the Alaskan Native Claims Settlement Act ("ANSCA") and the Cook Inlet Land Exchange. Ratified by an act of Congress CIRI is entitled to transportation and port easements through Park lands for mineral extraction.

#### *JT Deposit Mineral Resource (July 2022)*

- Indicated Resource of 3.49 million tonnes ("Mt") grading 9.39 g/t gold equivalent ("AuEq") for 1,053,000 oz AuEq
- Inferred Resource of 0.71 Mt grading 4.76 g/t AuEq for 108,000 oz AuEq
- Indicated resource averages 40-meter horizontal width, roughly 10 times the mineable width of most high-grade (+5 g/t) underground gold deposits
- Open to expansion along strike/down-dip/down-plunge with numerous high-priority property-wide targets

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*JT Deposit Mineral Estimate at 3.0 g/t AuEq Cut-off*  
(effective date July 12, 2022)

Category	Tonnes (000s)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	AuEq (g/t)
Indicated	3,489	5.33	6.0	0.56	0.67	5.21	9.39
Inferred	706	1.36	9.1	0.59	0.30	4.18	4.76

Contained Metal							
Category	Au (k oz)	Ag (k oz)	Cu (M lb)	Pb (M lb)	Zn (M lb)	AuEq (k oz)	
Indicated	598	673	43.1	51.5	400.8	1,053	
Inferred	31	207	9.2	4.7	65.1	108	

Notes

1. Includes all drill holes completed at JT Deposit, with drilling completed between 1982 and as recently as October 2021
2. Assumed metal prices are US\$1650/oz for gold (Au), US\$20/oz for silver (Ag), US\$3.50/lb copper (Cu), US\$1/lb lead (Pb), and US\$1.50/lb for zinc (Zn)
3. Gold Equivalent ("AuEq") is based on assumed metal prices and payable metal recoveries of 97% for Au, 85% for Ag, 85% Cu, 72% Pb and 92% Zn from metallurgical testwork completed in 2022
4.  $AuEq\ equals = Au\ g/t + Ag\ g/t \times 0.01 + Cu\% \times 1.27 + Pb\% \times 0.31 + Zn\% \times 0.59$
5. Average bulk density value of 2.84 used as determined by conventional analytical methods for assay samples
6. Capping was applied to assays to restrict the impact of high-grade outliers, resulting in the removal of 8.4% Au, 10.1% Ag, 2.8% Cu, 6.2% Pb, and 1.3% Pb from the resource block model as compared to an uncapped version
7. The economic underground mining cut-off is estimated to be 2.5 g/t AuEq derived from assumed operating cost of \$65/t for long hole open stope mining, \$35/t processing and \$20/t G&A and accounting for transport and smelter charges. HighGold elected to report this mineral resource at a higher cut-off grade of 3.0 g/t Au, given the high-grade nature of the deposit.
8. Preliminary underground constraints were applied, including the elimination of isolated or scattered blocks above cut-off grade to define the "reasonable prospects of eventual economic extraction" for the Mineral Resource Estimate
9. Mineral resources as reported are undiluted
10. Mineral resource tonnages have been rounded to reflect the precision of the estimate
11. Readers are cautioned that mineral resources that are not mineral reserves do not have demonstrated economic viability

In addition to attractive grades and favourable metallurgy, the JT Deposit has several attributes that are considered attractive for underground development, including: (i) excellent thickness (avg. 40m); (ii) strong continuity; (iii) subvertical geometry; and, (iv) geotechnically competent mineralization.

For additional details, see the NI 43-101 Technical Report titled "*Updated Mineral Resource Estimate and NI 43-101 Technical Report for the Johnson Tract Project, Alaska*" dated August 25, 2022 authored by Ray C. Brown, CPG, Lyn Jones P.Eng. and James N. Gray, P.Geo.

**Ellis Zone, DC Prospect**

The DC Prospect is located four (4) kilometers northeast of the JT Deposit and is characterized by a series of large gossan alteration zones similar in style to the +1Moz AuEq JT Deposit that collectively extend over a 1.5 km x 3.0 km area in a broad northeasterly trend.

Drilling in late 2021 resulted in the discovery of near-surface bonanza-grade mineralization, which returned **577.9 g/t Au and 2,023 g/t Ag over 6.40 meters** in hole DC21-010. Subsequent geological modeling during the 2021-2022 off-season inferred an east-west striking, steeply north-dipping trend to the high-grade, structurally controlled vein and breccia zone, now referred to as the 'Ellis Zone'.

In 2022, a total of 39 holes (5,455 m) were drilled defining the Ellis Zone mineralization over a strike length of 125 meters and from surface to a depth of 225 meters with an average true thickness of 10 to 15m within the core of the zone. Highlights from the 2022 drill program at Ellis Zone include **11.9m at 25.3 g/t AuEq** in hole DC22-043, and **14.8m at 14.3 g/t AuEq** in hole DC22-046. The Ellis Zone remains open along strike to the west and down-dip.

Mineralogy, veining and alteration of the Ellis Zone are similar to the main JT Deposit, which has been defined from surface to a vertical depth of more than 300 meters, over a strike length of 600 meters and has an average true thickness of 40m.

The objective of the 2023 drill program at the Ellis Zone is to follow up on 50 – 100 meter centers along strike to the west and down-dip from the 2022 drilling.

### ***Other Johnson District Targets***

The Johnson Tract property hosts multiple other mineral prospects over a 12-kilometer mineralized trend and the potential for discovery of additional deposits and mineralized zones is considered excellent. These include the East Difficult Creek, Kona, Easy Creek, Milkbone, South Valley and Double Glacier prospects among others. Evaluation and drill targeting work at these district targets is ongoing.

## **RESULTS OF OPERATIONS**

### ***Exploration and Evaluation Property Expenditures***

During the six months ended June 30, 2023, the Company recorded expenditure additions of \$2,311,803 (2022 - \$1,671,024) on its Johnson Tract property. In addition, the Company completed the spin-out of its Ontario and Yukon properties to Onyx Gold during the six months ended June 30, 2023.

### ***Quarter Ended June 30, 2023***

The net income for the three months ended June 30, 2023 was \$2,151,839 (2022 – net loss of \$589,354). Significant expenses include:

- Office and miscellaneous expenses of \$35,966 (2022 - \$108,113), mainly consisting of general head office expenses and the cost of participating in mining investment conferences and roadshows.
- Salaries, wages and benefits of \$131,942 (2022 - \$165,681) paid to directors, officers and employees of the Company. Please refer to "Transactions with Related Parties" section for additional information.
- Share-based compensation of \$34,649 (2022 - \$340,979), relating to the vesting of stock options that were granted during the prior years. During the comparative period, the Company granted 1,057,500 stock options at an exercise price of \$1.00 per share for a period of 5 years.

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During the three months ended June 30, 2022, the Company recorded interest income of \$62,140 (2022 - \$28,852) related to the Company's investment in short-term bank certificates and an unrealized gain of \$2,627,500 (2022 – unrealized loss of \$4,801) related to 150,000 shares held in Fireweed, 100,000 shares held in Snowline and 5,000,000 shares held in Onyx Gold. The shares of Onyx Gold were acquired during the completion of the spin-out of the Company's Ontario and Yukon properties to Onyx Gold resulting in an unrealized gain of \$2,500,000.

**SUMMARY OF QUARTERLY RESULTS**

The following is a summary of certain consolidated financial information of the Company for the past eight quarters:

	Quarter ended June 30, 2023	Quarter ended March 31, 2023	Quarter ended December 31, 2022	Quarter ended September 30, 2022
Revenue <sup>(1)</sup>	\$ -	\$ -	\$ -	\$ -
Net comprehensive income (loss)	2,151,839	(582,749)	(65,265)	(388,672)
Total assets	56,761,037	61,405,906	61,547,699	62,828,258
Basic earnings (loss) per share	\$ 0.03	\$ (0.00)	\$ (0.00)	\$ (0.01)
Diluted earnings (loss) per share	\$ 0.02	\$ (0.00)	\$ (0.00)	\$ (0.01)
	Quarter ended June 30, 2022	Quarter ended March 31, 2022	Quarter ended December 31, 2021	Quarter ended September 30, 2021
Revenue <sup>(1)</sup>	\$ -	\$ -	\$ -	\$ -
Net comprehensive loss	(589,354)	(457,698)	(563,806)	(345,332)
Total assets	61,417,915	61,589,527	61,726,689	45,840,926
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)

(1) The Company has no sales revenues.

During the quarter ended June 30, 2023, the Company recognized an unrealized gain of \$2,500,000 related to 5,000,000 Onyx Gold shares received in the completion of the spin-out of the Company's Ontario and Yukon properties to Onyx Gold.

**Quarterly Results – General Trend**

The Company's operating expenses for the quarter ended June 30, 2023, not including share-based compensation, were \$507,652, compared to \$272,426 for the same period last year. The Company's operating costs are not expected to increase materially over the next quarter.

**Operating Costs**

The net income for the six months ended June 30, 2023 was \$1,569,090 (2022 – net loss of \$1,047,052). Significant expenses included:

- Advertising and promotion of \$117,821 (2022 - \$72,958), mainly consisting of advertising campaigns and the cost of participating in virtual and in person mining investment conferences



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and roadshows.

- Professional fees of \$148,237 (2022 - \$55,272), relating to legal fees of \$115,737 (2022 - \$16,272), and fees of \$32,500 (2022 - \$39,000) related to accounting services provided to the Company.
- Salaries, wages and benefits of \$286,354 (2022 - \$304,792) paid to directors, officers and employees of the Company. Please refer to "Transactions with Related Parties" section for additional information.
- Share-based compensation of \$109,275 (2022 - \$475,735), relating to the vesting of stock options that were granted during the prior years.

During the six months ended June 30, 2023, the Company recorded interest income of \$120,826 (2022 - \$45,061) related to the Company's investment in short-term bank certificates and an unrealized gain of \$2,587,500 (2022 - \$19,504) related to 150,000 shares held in Fireweed, 100,000 shares held in Snowline and 5,000,000 shares held in Onyx Gold. The shares of Onyx Gold were acquired during the completion of the spin-out of the Company's Ontario and Yukon properties to Onyx Gold resulting in an unrealized gain of \$2,500,000.

**FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES**

As at June 30, 2023, the Company had current assets of \$16,757,990 (December 31, 2022 - \$8,582,520), including cash and cash equivalents of \$12,955,590 (December 31, 2022 - \$7,637,197) and \$621,343 (December 31, 2022 - \$364,882) in total liabilities.

During the six months ended June 30, 2023, the Company used \$1,170,170 (2022 - \$798,904) in cash for operating activities and \$2,436,702 (2022 - \$4,586,539) in cash for exploration and evaluation expenses, spent primarily on the Johnson Tract and Munro-Croesus properties.

Total cash provided by financing activities was \$9,073,036 (2022 - \$Nil) mainly related to the Company completing a non-brokered private placement, consisting of 14,029,243 shares at a price of \$0.66 per share for aggregate gross proceeds of \$9,259,300 and 281,375 warrants were exercised into common shares of the Company for gross proceeds of \$126,619. The increase in cash provided by financing activities was partially offset by payments related to the Company's office in Vancouver.

The financial statements have been prepared in accordance with IFRS applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

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**USE OF PROCEEDS**

The following table is a comparison of actual use of proceeds from financings to previous disclosures made by the Company in the six months ended June 30, 2023.

	<b>Gross Proceeds</b>	<b>Intended Use of Proceeds</b>	<b>Actual Use of Proceeds to Date</b>
Proceeds from bought deal offering and non-brokered private placement on October 27, 2021	\$18,800,000		
Proceeds from non-brokered private placement on April 12, 2023	\$9,259,300		
	<b>\$28,059,300</b>		
October 27, 2021 financing:			
Johnson Tract exploration and development		\$10,000,000	\$10,000,000
Expenditures on capital equipment		\$100,000	\$245,116
Cost of financing		\$1,038,275	\$1,038,275
General working capital		\$7,661,725	\$3,542,614
April 11, 2023 financing:			
Exploration expenditures on Johnson Tract project and general working capital		\$8,981,595	\$0
Cost of financing		\$277,705	\$277,705
Cash remaining at June 30, 2023 <sup>[1]</sup>			\$12,955,590
<b>Total</b>	<b>\$28,059,300</b>	<b>\$28,059,300</b>	<b>\$28,059,300</b>

- (1) The balance of the proceeds remaining in treasury is intended to be applied towards ongoing exploration work on the Company's mineral properties and general corporate purposes.

## FINANCIAL INSTRUMENTS

### Classification of financial instruments

	Ref.	June 30, 2023	December 31, 2022
		\$	\$
Financial assets at FVTPL, Level 1	(a)	534,500	447,000
Financial assets at FVPTL, Level 2	(b)	2,500,000	-
Financial assets at amortized cost	(c)	13,276,863	7,637,197
Financial liabilities at amortized cost	(d)	445,643	234,466

(a) Comprised of Level 1 marketable securities

(b) Comprised of Level 2 marketable securities

(c) Comprised of cash and amounts receivable excluding sales taxes receivable

(d) Comprised of accounts payable and accrued liabilities

The fair value of the Company's financial assets and financial liabilities at amortized cost approximates the carrying amount.

Some of the Company's marketable securities carried at fair value have been classified as Level 2 within the fair value hierarchy, due to the fact that they were not quoted on any stock exchange as at June 30, 2023 (the Company's shares in Onyx Gold were not listed for trading until July 24, 2023).

### Management of Industry and Financial Risk

The Company's financial instruments are exposed to certain financial risks, which include the following:

#### **Credit risk**

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company limits its exposure to credit loss for cash by placing its cash with high quality financial institutions and for trade receivables by performing standard credit checks. The credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

#### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company ensures, as far as reasonably possible, that it will have sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. As at June 30, 2023, the Company has working capital of \$16,250,181 (December 31, 2022 - \$8,284,288). There can be no assurance that the Company will be successful with generating and maintaining profitable operations or will be able to secure future debt or equity financing for its working capital and expansion activities.

***Foreign exchange risk***

The Company operates internationally and is exposed to foreign currency risk arising from currency exposures to Canadian dollars. The main currency to which the Company has an exposure is the U.S. dollar. The Company is exposed to currency risk to the extent of its cash and trade and other payables that are denominated in U.S. dollars. The Company does not currently hedge its exposure to fluctuations in the related foreign exchange rates.

Based on the Company's net US currency exposure as at June 30, 2023, and assuming all other variables remain constant, a 15% weakening or strengthening of the Canadian dollar against the US dollar would result in an increase/decrease of approximately \$556,000 in comprehensive income/loss for the period.

***Interest rate risk***

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not hold any assets or liabilities subject to variable interest rates, and as such, the Company is not exposed to significant interest rate risk.

***Equity price risk***

Equity price risk arises from market fluctuations in equity prices that could adversely affect the Company's operations. The Company's current exposure to equity price risk is limited to declines in the values and volumes including those of its own shares, which could impede its ability to raise additional funds when required and movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors the individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. As at June 30, 2023, the Company's marketable securities of \$3,034,500 are subject to fair value fluctuations.

Based on the Company's marketable securities as at June 30, 2023, and assuming all other variables remain constant, a 10% increase/decrease in the fair value of marketable securities would result in an increase/decrease of approximately \$303,000 in comprehensive income/loss for the period.

***Capital management***

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at June 30, 2023, the Company's shareholders' equity totalled \$56,213,385 (December 31, 2022 - \$61,182,817). The Company's objectives when managing capital are to maintain financial viability and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The Company's current capital was received from the issuance of common shares, options and warrants. The Company plans to use a significant portion of the net proceeds raised to date for the development of its current mineral properties and for the acquisition of additional mineral properties or assets.

The Company is not subject to externally imposed capital requirements as at June 30, 2023 except when the Company issues flow-through shares for which the amount should be used for exploration work.



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There were no changes to the Company's approach to capital management during the six months ended June 30, 2023.

**OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements and no long-term debt obligations.

**TRANSACTIONS WITH RELATED PARTIES**

As at June 30, 2023, the Company had a total of \$1,007 (December 31, 2022 - \$905) payable to Mr. Ian Cunningham-Dunlop, Senior VP Operations for outstanding expense reimbursements payable.

As at June 30, 2023, the Company had a total of \$20,860 (December 31, 2022 - \$20,766) payable to Mr. Darwin Green, the Chief Executive Officer and a director for outstanding expense reimbursements payable.

As at June 30, 2023, the Company had a total of \$Nil (December 31, 2022 - \$2,671) payable to Mr. Aris Morfopoulos, Chief Financial Officer for outstanding expense reimbursements payable.

During the six months ended June 30, 2023, the Company paid/accrued salaries, wages and benefits included in administrative expenses of \$30,000 (2022 - \$30,000), paid/accrued salaries, wages and benefits included in exploration and evaluation expenditures of \$90,000 (2022 - \$90,000) to Mr. Darwin Green, the Chief Executive Officer and a director of the Company.

During the six months June 30, 2023, the Company paid/accrued salaries, wages and benefits included in administrative expenses of \$60,000 (2022 - \$48,000) and paid/accrued management to Mr. Aris Morfopoulos, Chief Financial Officer and Secretary of the Company.

During the six months June 30, 2023, the Company paid/accrued salaries, wages and benefits included in exploration and evaluation expenditures of \$101,665 (2022 - \$109,998) to Mr. Ian Cunningham-Dunlop, Senior VP Exploration of the Company.

During the six months June 30, 2023, the Company paid/accrued salaries, wages and benefits included in administrative expenses of \$90,000 (2022 - \$90,000) to Ms. Naomi Nemeth, VP Investor Relations of the Company.

During the six months June 30, 2023, the Company paid director fees of \$6,250 (2022 - \$6,250) to each of the non-executive directors of the Company (Michael Cinnamon, Michael Gray, Lance Miller and Anne Labelle).

During the six months June 30, 2023, the Company paid fees of \$250,000 (2022 - \$50,000) to a consulting firm partnership for financial, capital markets and strategic advisory services, of which \$75,000 (2022 - \$33,333) was charged to consulting expense, \$100,000 (2022 - \$Nil) was charged to share issue costs during the six months ended June 30, 2023 and \$75,000 (2022 - \$Nil) was recorded as a prepaid expense at June 30, 2023. Mr. Michael Gray, a director of the Company, is a partner of the firm, although he was not involved in providing any of its services to the Company.



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During the six months ended June 30, 2023, the Company recorded total share-based compensation of \$113,024 (2022 - \$365,559), of which \$74,972 (2022 - \$240,679) is included in administrative expenses and \$38,052 (2022 - \$124,880) is included in exploration and evaluation assets, related to the vesting of stock options previously granted to officers and directors of the Company.

### OUTSTANDING SHARE DATA

The following table shows the Company's share capital data as at June 30, 2023:

<b>Total issued and outstanding</b>	<b>87,680,828</b>
Stock options (\$0.45 - \$1.43 per share)	5,260,829
Warrants (\$0.45 - \$2.15 per share)	863,456
<b>Fully diluted</b>	<b>93,805,113</b>

In the six months ended June 30, 2023, the Company issued 14,029,243 shares at a price of \$0.66 pursuant to completion of a non-brokered private placement, and 281,375 shares at a price of \$0.45 pursuant to the exercise of warrants.

The following table shows the Company's share capital data as of the date of this MD&A:

<b>Total issued and outstanding</b>	<b>87,760,828</b>
Stock options (\$0.45 - \$1.59 per share)	5,260,829
Warrants (\$0.45 per share)	75,500
<b>Fully diluted</b>	<b>93,097,157</b>

### ***Future Cash Requirements***

The Company's future capital requirements will depend on many factors, including, among others, its ability to earn cash flow from operations. Should the Company wish to pursue current and future business opportunities, additional funding will be required. If additional funds are raised through the issuance of equity securities, the percentage ownership of current shareholders will be reduced and such equity securities may have rights, preferences, or privileges senior to those of the holders of the Company's common stock. No assurance can be given that additional financing will be available, or that it can be obtained on terms acceptable to the Company and its shareholders. If adequate funds are not available, the Company may not be able to meet its contractual requirements.



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## **CRITICAL ACCOUNTING ESTIMATES**

The preparation of these financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. The financial statements include judgments and estimates that, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

## **RISKS AND UNCERTAINTIES**

Refer to the "Risk and Uncertainties" section of the annual MD&A for the year ended December 31, 2022. These factors remain primarily unchanged for the six months ended June 30, 2023.

## **CORPORATE GOVERNANCE**

The Company's Board and its committees follow the recommended corporate governance guidelines for public companies while tailored to its size and operations to ensure transparency and accountability to shareholders. The current Board is comprised of five individuals, one of who is the Chief Executive Officer of the Company. The Audit Committee is comprised of three members, all of whom are independent directors of the Company.

## **FORWARD-LOOKING STATEMENTS**

This MD&A contains certain statements that may constitute "forward looking statements". Forward looking statements include but are not limited to, statements regarding future anticipated business developments and the timing thereof, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, the Company's ability to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

This MD&A includes, but is not limited to, forward-looking statements regarding the Company's upcoming exploration plans for the year, the meeting of its Canadian flow-through expenditure obligations and its ability to meet its working capital needs for the next fiscal year.

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

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**FINANCIAL AND DISCLOSURE CONTROLS AND PROCEDURES**

During the six months ended June 30, 2023, there has been no significant change in the Company's internal control over financial reporting since its inception on April 16, 2019.

The management of the Company is responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. Management is also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the Company's financial statements for the six months ended June 30, 2023 (together the "Interim Filings").

The management of the Company has filed the Venture Issuer Basic Certificate with the Interim Filings on SEDAR at [www.sedar.com](http://www.sedar.com).

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the venture issuer basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

**APPROVALS**

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

Mr. Ian Cunningham-Dunlop, P. Eng., Senior Vice-President Exploration, and a qualified person as defined by Canadian National Instrument 43-101, has reviewed the technical information contained in this MD&A.

**ADDITIONAL INFORMATION**

Additional information pertaining to the Company is available on the SEDAR website at [www.sedar.com](http://www.sedar.com).