PROSPER GOLD CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED OCTOBER 31, 2018

1.1 DATE

This management's discussion and analysis ("MD&A") of the financial condition and operating results of Prosper Gold Corp. ("Prosper Gold" or the "Company") for the year ended October 31, 2018 is derived from, and should be read in conjunction with, Prosper Gold's audited financial statements for the year ended October 31, 2018, as publicly filed on Sedar at www.sedar.com.

The Company prepared the audited financial statements and note disclosures for the year ended October 31, 2018 in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). This MD&A complements and supplements, but does not form part of the Company's audited financial statements.

All dollar amounts contained herein are expressed in Canadian dollars unless otherwise stated.

Cautionary Note to Investors Concerning Forward-looking Statements

Forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Forward-looking statements may include words such as "plans", "intends", "anticipates", "should", "estimates", "expects", "believes", "indicates", "suggests" and similar expressions.

This MD&A contains forward-looking statements that are based on the Company's expectations, estimates and projections regarding its business, and the economic environment in which it operates. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. Examples of specific risks associated with the operations of the Company are set out under "Risk Factors". Actual outcomes and results may differ materially from those expressed in these forward-looking statements and readers should not place undue reliance on such statements.

All forward-looking statements have been made subject to risk factors summarized on page 12 of this MD&A.

This MD&A has been prepared using information as of February 21, 2019 and approved by the Board on February 21, 2019.

1.1 BUSINESS OVERVIEW

Prosper Gold is an exploration and development company focused on acquiring and advancing mineral prospects in British Columbia and Ontario.

PROJECTS

GALAHAD, WYDEE & MATACHEWAN PROJECTS

In 2016 Prosper entered into a definitive agreement to acquire the option to earn a 90% interest in the extensive land position surrounding the Ashley Gold Mine and Young Davidson Mine Area in the Cadillac Larder Lake Fault Area in Ontario. In addition, Prosper Gold also acquired a 100% interest in 13 mineral claims and 9 mineral leases contiguous to the optioned ground (the Galahad).

3,794.5m were drilled in 7 holes at the Galahad to test the Galer Fault, a steeply dipping deep crustal break. The Galer Fault contains slices of ultramafic rocks, syenite and green carbonate (fuchsite mariposite bearing ferrocarbonate), classic host rocks and alteration seen at many Timmins and Kirkland Lake gold deposits.

THE EGAN

In January 2018, Prosper entered into a definitive agreement to acquire the option to earn a 100% interest in the Egan Gold Discovery near Matheson Ontario. The Egan was exposed during recent logging activity and approximately 8,000 hectares has been staked by local prospectors and Prosper Gold. With the exception of regional geophysical surveys and Ontario Geological Survey (OGS) till sampling in 1984-1987, which identified a 5km train with elevated gold-in-till results, no historic work has been completed in the area. The Egan is a stockwork of quartz veins up to 30cm wide within a 2m or wider alteration zone 16 km south of Kirkland Lake Gold's producing Taylor Gold Mine.

THE CURRIE

In March 2018, Prosper entered into a definitive agreement to acquire the option to earn a 100% interest in the Currie Project. The 2,000 hectare Currie Project, 8 km south of the Destor-Porcupine fault, is underlain by altered volcanic and metasedimentary rocks of the Abitibi greenstone belt. The property hosts the Grindstone Creek occurrence, a Gold-Silver-Zinc zone in massive and semi-massive pyrite-sericite schist (GCZ). The sequence strikes ESE and dips steeply southwest as interpreted from drilling. Rocks are strained and especially the felsic volcanic rocks show a strong SW dipping single phase fabric into which any earlier layering would have been transposed. Diabase, a dyke or sill, dips steeply with the strata. Drill intersection modeling shows it is a branching anastomosing unit or swarm with two or three separate arms. The diabase envelope trends ESE, dips steeply, and is about 70m at its thickest. Overburden thickness is consistently about 50 m as shown by the earlier holes and the geology is inferred from drill results to date and from geophysical data, mainly airborne magnetics. Known mineralization is between 120 m to 300 m below surface and occupies a zone about 300 m long, 100 m wide.

<u>THE STAR</u>

The Star Project is an alkalic porphyry copper-gold prospect in northwest BC. Prosper Gold holds a 51% majority interest in the Star Project joint venture pursuant to the Joint Venture Agreement dated September 2, 2016 between the Company and Firesteel Resources Inc.

1.3 SELECTED ANNUAL FINANCIAL INFORMATION

The Company's financial statements and the financial information set out below are prepared in accordance with IFRS as issued by the IASB. The Company's significant accounting policies are disclosed in note 3 to the Company's audited financial statements for the year ended October 31, 2018. The Company's functional and reporting currency is the Canadian dollar.

Statement of Financial Position Selected Information		**October 31, 2018**		October 31, 2017		October 31, 2016
Total current assets	**$**	**67,362**	$	350,949	$	1,562,023
Total non-current assets		**948,799**		1,030,843		916,435
Total assets	**$**	**1,016,161**	$	1,381,792	$	2,478,458
Total current liabilities	**$**	**531,330**	$	244,186	$	317,860
Total equity		**484,831**		1,137,606		2,160,598
Total liabilities and shareholders' equity	**$**	**1,016,161**	$	1,381,792	$	2,478,458

Total current assets are comprised of cash, amounts receivable and prepaid expenses and deposit. The total current assets have decreased compared to fiscal 2017 due to cash of $566,024 used for operations which included exploration expenses of $462,578. The Company also paid $96,813 for mineral property options for the exploration projects in Ontario. The decrease in cash is offset by gross proceeds from a private placement completed during the 2018 fiscal year totalling $500,000 with $38,328 for share issue costs paid in conjunction with the private placement. The amounts receivable in the current year decreased compared to fiscal 2017 due to the decrease in GST receivable accumulated for input tax credits as at October 31, 2018. This is due to the decrease in exploration expenditures at the end of fiscal 2018 compared to fiscal 2017. The decrease in prepaid expenses and deposit is due to the write-off of deferred costs paid for projects that was previously capitalized and the decrease in the deposit for the Company's credit card account. Total non-current assets consist of reclamation deposit, furniture, computers, camp equipment, vehicle and the acquisition costs of mineral properties. The decrease in non-current assets is due to the write-off of $229,096 for the development costs for the Ashley Gold Project. The Company also acquired new options and made payments totalling $96,813 in cash and issued $60,650 in shares for property. The increase during the 2017 and the 2016 fiscal years are due to the purchase of equipment for the Ashley Gold Project and the option payments and related expenses paid for the acquisition of the Ashley Gold Project.

Current liabilities increased at the end of 2018 due to accumulation management fees not paid out to conserve cash and higher vendor payables due at the end of the year. Total current liabilities decreased in fiscal 2017 due to less vendor payables at year end due to the earlier camp closure as compared to fiscal 2016. At the end of the 2016 fiscal year, the camp was still active resulting in higher vendor payables for the Company's drilling activities at the Ashley Gold Project.

Total equity consists of share capital, reserves and deficit. The increase in share capital for fiscal years 2018, 2017 and 2016 are due to the shares issued for the private placements and warrants exercised during the fiscal years and the fair value of the common shares issued for mineral property option payments. The reserves have also increased due to the recording of the fair value of stock options grants during the 2018, 2017 and 2016 fiscal years to directors, officers, employees and consultants and the vesting of stock options from stock options granted in the previous years. During the 2018 and 2017 fiscal year, the reserve increased due to the fair value of warrants issued for private placement units and for finders' fee.

	Years ended		
Statement of Comprehensive Loss – Selected Information	**October 31, 2018**	October 31, 2017	October 31, 2016
Expenses			
Exploration and property investigation expenditures	**$ 462,578**	$ 2,025,099	$ 1,265,895
General administration	**486,982**	555,372	505,634
Share-based payments	**110,268**	253,994	126,024
	1,059,828	2,834,465	1,1897,553
Other income and loss			
Interest income	**(2,332)**	(1,090)	(1,035)
Write-off of mineral property	**229,096**	-	-
Loss on disposal of equipment	**-**	-	4,087
Net loss and comprehensive loss	**$ 1,286,592**	$ 2,833,375	$ 1,900,605
Basic and diluted loss per share	**$ 0.024**	$ 0.058	$ 0.053

During the 2018 fiscal year, the Company conducted a small exploration program. The general and administrative expenses also decreased in fiscal 2018 due to the decrease in the Company's activities. The share-based payments also decreased due to the lower market price and exercise price for stock options granted during the year. In April 2017, the Company continued with the exploration activities at the Ashley Gold Project. The Company incurred $1,011,792 for drilling cost compared to $262,255 in the 2016 fiscal year. In addition, the Company received a grant of $145,328 from the Ontario Prospectors Association that has been netted against the exploration expenditures. In June 2016, the Company began exploration work on the Ashley Gold Project. During fiscal 2016, the Company also recovered costs of $72,000 from the rental of equipment and sale of camp supplies to an unrelated party from the Star Project. The Company also received $34,020 for the recovery of exploration expenditures from the British Columbia Mining and Exploration Tax Credit ("BCMETC").

Finance income is interest paid by the bank on the Company's reclamation deposit from 0.50% to 0.70% interest. The interest rate provided on the deposit balance is subject to the change in the interest rate during the period.

During the 2017 fiscal year, the Company granted 621,000 stock options to employees, directors, officers and consultants. The Company also cancelled 300,000 stock options previously granted to employees and consultants as a result of the individuals whom no longer provided services to the Company. Share-based payment expense decreased in fiscal 2016 due to the decrease in the fair value amounts recorded starting in the third quarter and a reduction of the amounts that were recorded from final vesting of the options granted in previous years. The share-based payments consist of the accrual of the fair value of the stock options granted in accordance to the vesting terms.

During the 2018 fiscal year, the Company granted 800,000 stock options to directors, officer and consultants. The Company also cancelled 1,735,500 stock options due to the expiry of the options and 106,604 stock options were forfeited due to the departure of an employee of the Company.

1.4 SUMMARY OF QUARTERLY INFORMATION

The following is selected financial information for the Company's most recent eight quarters ended October 31, 2018:

Quarter ended	Total revenue	Net loss and comprehensive loss	Net loss per share (basic and diluted)	Total assets
	$	$	$	$
Q4/18 – October 31, 2018	-	(231,137)	(0.004)	1,016,161
Q3/18 – July 31, 2018	-	(236,709)	(0.004)	1,143,155
Q2/18 – April 30, 2018	-	(495,642)	(0.009)	1,285,118
Q1/18 – January 31, 2018	-	(323,104)	(0.007)	1,286,186
Q4/17 – October 31, 2017	-	(430,149)	(0.009)	1,381,792
Q3/17 – July 31, 2017	-	(1,006,187)	(0.021)	1,938,042
Q2/17 – April 30, 2017	-	(461,639)	(0.009)	2,920,782
Q1/17 – January 31, 2017	-	(935,400)	(0.019)	3,058,459

The decrease in net loss in the second quarter of 2017 compared to the first quarter of 2017 is due to the seasonal shut down of camp from mid-December 2016 to mid-April 2017 which reduced the field costs at the Ashley Gold Project.

The increase in net loss and decrease in total assets for 3 months ended July 31, 2017 is due to expenses incurred for exploration activities at the Ashley Gold Project.

During the quarter ended October 31, 2017, the net loss is lower compared to the previous quarter ended July 31, 2017 due to the winding down of the exploration program for the season.

During the quarter ended April 30, 2018, the Company wrote off the Ashley Option for $229,096 which is include in the net loss for the period.

There was a small decrease in total assets due to the private placement of $500,000 completed on February 28, 2018 offset by the write off of $229,096 for the Ashley Option. The Company also made option payments for the Matachewan and Wydee properties and the new additions of the Egan and Currie properties.

1.5 RESULTS OF OPERATIONS

The Company recorded a net loss and comprehensive loss of $1,286,592 and $2,833,375 for the years ended October 31, 2018 and October 31, 2017 respectively. The decrease in net loss in the current year compared 2017 is due to the decrease in exploration expenditures and drilling activities for the current season. During the year ended October 31, 2018, the Company signed a definitive agreement for the Egan Option and the additional claims for the property and paid $51,800 to the optionors. In addition, the Company entered into a purchase agreement for the Egan Purchase and paid $6,000 for the signing of the purchase agreement. Total transaction costs of $17,530 has been incurred. Lastly, the Company entered into an option agreement for the Currie Property and paid option payment of $20,000. The Company also completed a non-brokered private placement of 5,000,000 units for $500,000 and incurred share issue costs of $38,328.

The following table provides a breakdown of exploration expenditures on the Ontario Projects incurred during the year ended October 31, 2018:

	Year ended October 31, 2018	**Accumulated-to-date – October 31, 2018**
Airborne survey	**$ -**	**$ 395,500**
Assay and analysis	**61,660**	**457,042**
Camp accommodations	**-**	**110,706**
Drilling	**55,315**	**1,329,362**
Equipment rentals	**2,860**	**61,851**
Field costs	**40,875**	**201,410**
Geological	**129,560**	**407,928**
Property rentals	**37,504**	**122,816**
Salaries and benefits	**82,165**	**731,427**
Staking	**31,822**	**42,938**
Transportation and freight	**13,230**	**49,131**
Travel and accommodations	**4,437**	**69,959**
Total	**$ 459,428**	**$ 3,980,070**

The Company began exploration on the Ontario Projects during May 2016. The airborne survey and soil sampling were completed in July 2016 and the drilling program began shortly thereafter. Field costs include salaries paid to geo-techs, rental costs for accommodations for camp personnel, camp food and supplies and management fees paid to the camp manager. Geological costs include fees paid to geological consultants. Transportation and freight costs include the fuel costs for vehicles and courier charges to camp. Travel and accommodation costs include travel, meals and accommodation costs for management personnel to be on location.

Overall, there were minimal exploration expenditures for the Star Property for the period ended October 31, 2018 and 2017 due to no drilling programs conducted during years. The expenditures for the years ended October 31, 2018 and 2017 consist of $3,150 for storage for equipment.

The following table provides a breakdown of general administration costs incurred during the years ended October 31, 2018 and 2017:

General administration costs:	**Year ended October 31, 2018**	Year ended October 31, 2017
General administrative	**$ 230,642**	$ 251,785
Management salaries and fees	**219,087**	258,393
Professional fees	**22,322**	28,751
Transfer agent, listing and filing fees	**14,931**	16,443
	$ 486,982	$ 555,372

General and administrative expenses include administrative salaries, advertising and promotion, amortization of equipment, courier and office expenses, insurance for directors and officers and commercial liability, annual general meeting, rental, and travel and meals expenses.

Management salaries and fees consist of salary to the Chief Operating Officer, the Chief Executive Officer and Chief Financial Officer and the VP of Explorations.

All costs were lower due to the decreased in exploration activities during the year.

1.6 LIQUIDITY

The Company's main source of funding has been the issuance of equity securities for cash through private placements. The Company's continuing operations are dependent on the ability of the Company to obtain the necessary financing to continue to explore the Ashley Gold Project, the Star Project and any future projects, the existence of economically recoverable mineral reserves from each project and the proceeds of dispositions of its mineral interests.

During the year ended October 31, 2018, cash flow used for operating activities was $566,024 mainly due to exploration costs for the Ontario Projects, and general and administrative costs including salaries. Management has estimated that the Company will continue to incur expenditures of $250,000 per month for the months when the Company's drilling program is in effect and $75,000 per month during the months where no drilling is conducted.

At October 31, 2018, the Company had cash of $29,790 which will not be sufficient to meet current liabilities of $531,330 due within one year. The working capital deficit of the Company at October 31, 2018 is $463,968.

Additional debt or equity financing will be required to fund additional exploration programs. The Company has a reasonable expectation that additional funds will be available to meet ongoing and future exploration costs. However, there can be no assurance that the Company will continue to obtain additional financial resources on terms suitable to the Company.

General market conditions for junior resource companies have deteriorated and have resulted in depressed equity prices for resource companies, despite fluctuations in commodity prices. Although the Company was able to successfully complete the three private placements for the current and past years, the deterioration in market conditions could potentially increase the cost of obtaining capital or limit the availability of funds in the future. Accordingly, management is actively monitoring the effects of the current economic and financing conditions on the Company and reviewing discretionary spending, capital projects and operating expenditures, and implementing appropriate cash management strategies.

1.7 CAPITAL RESOURCES

On February 28, 2018, the Company completed a non-brokered private placement financing of $500,000 (the "Private Placement"), through the issuance of 5,000,000 units of the Company (the "Units") at a price of $0.10 per Unit. Each Unit issued under the Private Placement consists of one common share ("Prosper Share") and one common share purchase warrant (a "Warrant") with each Warrant exercisable to acquire one Prosper Share for a period of 24 months at an exercise price equal to $0.15. In connection with the Private Placement and in accordance with the policies of the TSX Venture Exchange, finder's fees totaling $2,500 in cash were paid and 25,000 common share purchase warrants (each, a "Finder Warrant") were issued. Each Finder Warrant is non-transferable and exercisable for one Prosper Share for a period of 24 months following closing at an exercise price equal to $0.15.

Subsequent to the year end, the Company closed two separate private placements to fund its operations and exploration program. A total of $600,000 has been raised with the issuance of 5,416,667 units with 2,500,000 at $0.10 per unit and 2,916,667 at $0.12 per unit.

At October 31, 2018, there were no externally imposed capital requirements to which the Company is subject and with which the Company has not complied.

The Company's capital consists of items in shareholders' equity of $484,831 as at October 31, 2018 compared to $1,137,606 as at October 31, 2017. The decrease is due to the net loss of $1,286,592 for the year ended October 31, 2018, offset by the increase in the net proceeds of $462,899 from the private placement units completed on February 28, 2018, common share issuance of $60,650 for mineral properties, the recording of $110,268 for share-based payments and $34,847 decrease in deficit for share options expired.

1.8 OFF-BALANCE SHEET ARRANGEMENTS

None.

1.9 TRANSACTIONS BETWEEN RELATED PARTIES

The Company's related parties consist of its key management personnel, including its directors and entities controlled by key management personnel. During the normal course of business, the Company enters into transactions with its related parties that are considered to be arm's length transactions and made at normal market prices and on normal commercial terms.

a) Key management compensation expense was $443,222 and share-based payments totaled $102,557 for the year ended October 31, 2018.
b) During the year ended October 31, 2018, the Company incurred $43,218 for rental of office and equipment and services in general and administrative expenses and $2,054 in exploration expenses for rental of equipment to a company owned by a director and officer.
c) At October 31, 2018, accounts payable and accrued liabilities include $433,125 due to companies owned by directors and officers of the Company and $59,383 due to officers of the Company.

1.10 PROPOSED TRANSACTIONS

There are no proposed assets or business acquisitions or dispositions before the board of directors for consideration.

1.11 CRITICAL ACCOUNTING ESTIMATES

There have been no changes in critical accounting estimates for the year ended October 31, 2018. Refer to Note 3 of the audited financial statements for the year ended October 31, 2018.

1.12 CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies for the year ended October 31, 2018 for the Company.

The following is a summary of accounting standards that are effective in future periods that may have an impact on the Company:

<u>Accounting standard effective November 1, 2018</u>

IFRS 9 *Financial Instruments* addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 *Financial Instruments: Recognition and Measurement* that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39

requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statement of loss, unless this creates an accounting mismatch.

The Company is currently assessing the impact of the application of IFRS 9 on the Company's financial statements.

Accounting standard effective November 1, 2019

IFRS 16 *Leases*

This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

The new standard supersedes the requirements in IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Company is currently assessing the impact of the application of IFRS 16 on the Company's financial statements.

1.13 FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash, amounts receivable other than GST receivable, deposit, reclamation deposit and accounts payable and accrued liabilities. The Company's cash, amounts receivable other than GST receivable and deposit are classified as loans and receivables. The Company's reclamation deposit is classified as held-to-maturity. The Company's accounts payable and accrued liabilities are classified as other financial liabilities. The fair values of the Company’s cash, amounts receivable other than GST receivable, deposit and accounts payable and accrued liabilities approximate the carrying amounts due to the short-term maturities of these instruments.

The Company’s financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Company considers its exposure to credit risk to be low as its cash, deposit and its reclamation deposit are held with a large financial institution with a strong credit rating.

The Company manages liquidity risk by maintaining adequate cash and managing its capital. At October 31, 2018, the Company had accounts payable and accrued liabilities of $531,330 due within one year, and cash of $29,790.

Floating interest earned on the Company’s cash balances are considered to be at market interest rate. The deposit earns no interest and was held as a deposit for the Company’s corporate credit card. The reclamation deposit earns interest at 1.25%. Assuming that all variables remain constant, a change representing a 1% increase or decrease in interest rate would not have a significant effect for the Company.

The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities are denominated in foreign currency. At October 31, 2018, the Company’s monetary assets and liabilities are primarily denominated in Canadian dollars.

1.14 OTHER MD&A REQUIREMENTS

a) Disclosure of Outstanding Share Data

	Number Outstanding
At the date of this MD&A	
Common Shares	**60,258,916**
Stock Options	**5,975,000**
Warrants	**22,142,027**

b) Limitations of Controls and Procedures

The Company's management, including its Chief Executive Officer and Chief Financial Officer, believe that any system of disclosure controls and procedures or internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Furthermore, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty and breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

1.15 RISK FACTORS

The risk factors associated with the principal business of the Company are outlined in details below for the year ended October 31, 2017. Due to the nature of the Company's business and the present stage of exploration of the Property, an investment in the securities of the Company is highly speculative and subject to a number of risks. Briefly, these include the highly speculative nature of the resources industry characterized by the requirement for large capital investments from an early stage and a very small probability of finding economic mineral deposits. In addition to the general risks of mining, there are country-specific risks, including currency, political, social, permitting and legal risk. An investor should carefully consider the risks and the other information that the Company provides on its website or files on Sedar before investing in the Company's common shares, and should not consider an investment in the Company unless the investor is capable of sustaining an economic loss of the entire investment. The Company's actual exploration and operating results may be very different from those expected as at the date of this MD&A.

Ongoing Need for Financing

As the Company has limited financial resources, its ability to continue acquisition, exploration and development activities may be reliant on its continued attractiveness to equity and/or debt investors. The Company has incurred operating losses as it continues to expend funds to explore and develop the Star Project and any other properties it may acquire. Even if its financial resources are sufficient to fund its exploration and development programs, which will allow the Company to arrive at conclusions regarding commercial viability of the resources and reserves in the Property, there is no guarantee that the Company will be able to develop them in a profitable manner. The Company's ability to arrange financing in the future will depend in part upon prevailing capital market conditions, as well as the Company's business success. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company, and failure to raise such capital could result in the Company forfeiting its interest in the Property, missing certain acquisition opportunities or going out of business.

Volatile Stock Price

The price of the Company shares is expected to be highly volatile and will be drastically affected by the success of exploration and test results. The Company cannot predict the results of its exploration activities expected to take place in the future. The results of these tests will inevitably affect the Company's decisions related to further exploration and/or production at any of the Property or other properties that the Company may explore in the future and will likely trigger major changes in the trading price of the Company shares.

Exploration, Development and Production Risks

There are inherent risks and speculation due to the expected nature of the Company's involvement in the evaluation, acquisition, exploration and if warranted, development and production of metals. Mineral exploration involves a high degree of risk and there is no assurance that expenditures made on future exploration by the Company will result in discoveries of commercial grade and/or quantities. While the Company have or will develop a limited number of specific identified exploration or development prospects within the Property, management will continue to evaluate prospects on an ongoing basis in a manner consistent with industry standards. The long-term commercial success of the Company depends on its ability to find, acquire, develop and commercially produce reserves. No assurance can be given that the Company will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, the Company may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic. The Company has no history of earnings and will have no producing resource properties to begin with.

Uninsurable Risks from Operations

The Company's involvement in the exploration for and development of natural resource properties may result in the Company becoming subject to liability for certain risks, and in particular unexpected or unusual geological operating conditions including rock bursts, cave ins, fires, floods, earthquakes, pollution, blow-outs, property damage, personal injury or other hazards. Although the Company will obtain insurance in accordance with industry standards to address such risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not, in all circumstances be insurable or, in certain circumstances, the Company may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to the Company. The occurrence of a significant event that the Company is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on the Company's financial position, operations or prospects.

No assurance can be given that insurance to cover the risks to which the Company's activities will be subject will be available at all or at economically feasible premiums. Insurance against environmental risks (including potential for pollution or other hazards as a result of the disposal of waste products occurring from production) is not generally available to the Company or to other companies within the industry. The payment of such liabilities would reduce the funds available to the Company. Should the Company be unable to fully fund the cost of remedying an environmental problem, it might be required to suspend operations or enter in to interim compliance measures pending completion of the required remedy.

Prices, Market Conditions and Marketing of Mineral Resources

The Company's ability to fund its exploration and development activities, and possible future profitability, will be directly related to the demand for the mineral resources found on its properties and their related market prices. Mineral prices are determined based on world demand, supply and other factors, all of which are beyond the control of the Company.

The Company must also successfully sell its mineral resources to prospective buyers. The marketability and price of natural resources which may be acquired or discovered by the Company will be affected by numerous factors beyond its control. These factors include market fluctuations, the proximity and capacity of natural resource markets, and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of natural resources and environmental protection. The exact effect of these factors cannot be accurately predicted, but any one or a combination of these factors could result in the Company not receiving an adequate return for shareholders. The Company has limited experience in the marketing of mineral resources.

Mineral Resource Estimates

The Company's future cash flows and earnings will be highly dependent upon the Company discovering and developing mineral resources from its properties. Any mineralization figures or descriptions presented in the Company's filings with securities regulatory authorities, press releases and other public statements that may be made from time to time are and will be based on descriptions and estimates made by the Company's personnel and independent consultants. These descriptions and estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable. The Technical Report states that no mineral resource or mineral reserve estimates have been completed for the Property. There can be no assurance that future estimates will be accurate, or reserves, resource or other mineralization figures will be accurate. There can be no assurance that the Company's future exploration and development efforts will result in the discovery of commercial accumulations of natural or mineral resources that the Company can develop at economically feasible costs.

Regulatory Matters

The exploration, development or mining operations carried on by the Company will be subject to government, legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. The exercise of discretion by governmental authorities under existing regulations, the implementation of new regulations or the modification of existing regulations affecting the natural resources industry are beyond the control of the Company and could reduce demand for mineral resources, increase the Company's costs and have a material adverse impact on the Company. Before proceeding with a project, the participants in the project must obtain all required regulatory approvals. Failure to obtain regulatory approvals, or failure to obtain them on a timely basis, could result in delays and abandonment or restructuring of the projects undertaken by the Company and increased costs, all of which could have a material adverse effect on the Company. In addition, the profitability of any mining prospect is affected by the markets for metals which are influenced by many factors including changing production costs, the supply and demand for metals, the rate of inflation, the inventory of metal producing companies, the political environment and changes in industry investment patterns.

Competition

The Company may actively compete for acquisitions, leases, licences, concessions, claims, skilled industry personnel, equipment and other related interests with a substantial number of other companies, many of which have significantly greater history of operating and financial resources than the Company. The Company's ability to successfully bid on and acquire additional property rights, to participate in opportunities and to identify and enter into commercial arrangements with other parties could be adversely affected by the intensely competitive nature of the mining industry.

Potential Conflicts of Interest

Certain directors or officers of the Company are also directors, officers, shareholders and/or Promoters of other reporting and non-reporting issuers, including those engaged in the business of acquiring, developing and exploiting mineral resource properties. Such associations may give rise to conflicts of interest from time to time. The directors and officers of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict will disclose his interest and abstain from voting on such matter.

Title to Properties, Investments in Properties

There can be no certainty that an unforeseen defect in the chain of title in the Company's mineral properties will not arise to defeat the claim of the Company which could result in a reduction of any future revenue received by the Company. The possibility exists that title to the Property, or other properties of the Company, might be defective because of errors or omissions in the chain of title, including defects in conveyances and defects in locating or maintaining such claims or concessions. No assurances can be given that there are not title defects or other interests conflicting with the mining claims and interests subject to the Options, and the Property may be subject to prior unregistered liens, agreements or transfers, native land claims or other undetected title defects. As well, the Company may be required by its exploration and production contracts to make regular ongoing investments on its properties and perform minimum exploration work in order to maintain its exploration and production contracts and to be eligible for further extensions. If the Company is unable to meet those minimum requirements, it may impede the extension of its contracts. The Company's properties will have been acquired from third parties and the terms for exploration and investment requirements pursuant to the contracts governing its interest in each property may vary significantly.

There is uncertainty related to unsettled aboriginal rights and title in BC and this may adversely impact the Company's operations and profit.
Native land claims in BC remain the subject of active debate and litigation. There can be no guarantee that the unsettled nature of land claims in BC will not create delays in project approval on the Property or unexpected interruptions in project progress, or result in additional costs to advance the project.

Licensing and Permitting Delays

On February 20, 2014, the Company received a Multi-Year Area Based ("MYAB" Notice of Work permit from the British Columbia government authorizing a five year exploration program at the Star Property. The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out the exploration and development of its projects in a timely manner or at all.

Environmental Legislation

All phases of the mineral resource business present environmental risks and hazards and are subject to environmental laws and regulation pursuant to a variety of governmental authorities. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with operations. The legislation also requires that facility sites and mines be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of tailings or other pollutants into the air, soil or water may give rise to liabilities to third parties and may require the Company to incur costs to remedy such discharge. No assurance can be given that environmental laws, today or in the future, will not result in a curtailment of production or a material increase in the costs of productions, development or exploration activities or otherwise adversely affect the Company's financial condition, results of operations or prospects.

Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays as a result of the need to comply with applicable laws, regulations and permits. 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 remedial actions. Parties, such as the Company, engaged in natural resource exploration and development activities may be required to compensate those suffering loss or damage by reason of its activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of natural resource companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or a reduction in levels of production at producing properties or require abandonment or delays in development of new properties.

Reliance on Others and Key Personnel

The success of the Company will be largely dependent upon the performance of its management and key employees, as well as the talents of its outside consultants and suppliers. The Company may not have any “key man” insurance policies, and therefore there is a risk that the death or departure of any one or more members of management or any key employee could have a material adverse effect on the Company. The Company also faces intense competition for qualified personnel and there can be no assurance that the Company will be able to attract and retain the employees, personnel and/or consultants necessary to successfully carry out its activities.

Significant Capital Requirements

Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis. The discovery of mineral deposits is dependent upon a number of factors. The commercial viability of a mineral deposit once discovered is also dependent upon a number of factors, some of which relate to particular attributes of the deposit, such as size, grade and proximity to infrastructure, and some of which are more general factors, such as metal prices and government regulations. Most of these factors are beyond the Company's control. In addition, because of these risks, there is no certainty that the expenditures to be made by the Company on the exploration of the Property or other properties that it may acquire, as described herein, will result in the discovery of commercial quantities of ore.

Dilution to Existing Shareholders

The Company may be required to complete additional equity financings raised in the future. The Company may be required to issue securities on less than favorable terms in order to raise sufficient capital to fund its business plan in a timely manner. Any future transaction involving the issuance of equity securities or securities convertible into common shares would result in dilution, possibly substantial, to shareholders of the Company.

Dividends

To date, Prosper Gold has not paid any dividends on its outstanding securities and the Company does not expect to do so in the foreseeable future. Any decision to pay dividends on the Company shares will be made by the board of directors.