

PROSPER GOLD CORP.
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED OCTOBER 31, 2019

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, 2019 is derived from, and should be read in conjunction with, Prosper Gold’s audited financial statements for the year ended October 31, 2019, 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, 2019 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 20, 2020 and approved by the Board on February 20, 2020.

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.

THE STAR

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, 2019. The Company's functional and reporting currency is the Canadian dollar.

Statement of Financial Position Selected Information	October 31, 2019	October 31, 2018	October 31, 2017
Total current assets	\$ 580,032	\$ 67,362	\$ 350,949
Total non-current assets	835,872	948,799	1,030,843
Total assets	\$ 1,415,904	\$ 1,016,161	\$ 1,381,792
Total current liabilities	\$ 223,745	\$ 531,330	\$ 244,186
Total equity	1,192,159	484,831	1,137,606
Total liabilities and shareholders' equity	\$ 1,415,904	\$ 1,016,161	\$ 1,381,792

Total current assets are comprised of cash, amounts receivable and prepaid expenses and deposit. Cash has increased compared to fiscal 2018 due to 3 private placements totalling \$1,600,000 raised during the 2019 fiscal year. The Company used \$1,001,901 of the cash raised for operating and exploration activities, \$26,881 for mineral property acquisition and \$75,392 for costs in connection of the 3 private placements. The cash in the 2018 fiscal year decreased compared to the 2017 fiscal year due to cash inflow from proceeds from one private placement of \$500,000 and cash outflow of \$566,024 used for operations and exploration expenses, \$96,813 for mineral properties acquisition and \$37,101 for expenses for share issue costs. The amounts receivable include current year GST receivable accumulated for expenses in exploration activities. The GST receivable balance increased in the current fiscal year due to the increase in exploration activities in the last quarter in 2019 compared to the 2018 fiscal year. The decrease in GST receivable in the 2018 fiscal year compared to 2017 year-end is due to the decrease in GST receivable accumulated for input tax credits for exploration activities as at end of the fiscal year for October 31, 2018. The prepaid expenses and deposits balance decreased at the end of the 2019 fiscal year due to the decrease in the amounts of prepaid promotion expenses that were fully amortized during the 2019 fiscal year. The decrease in prepaid expenses and deposit for the 2018 fiscal year compared to the 2017 fiscal year 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 the non-current assets is due to the amortization of equipment and the write-off of mineral property acquisition costs for both the 2019 and the 2018 fiscal year. The decrease in mineral properties in 2019 fiscal year is due to the write-off of \$158,404 of costs offset by the acquisition of mineral properties of \$26,881 in cash and \$25,500 issued in shares. The decrease in non-current assets in the 2018 fiscal year compared to the 2017 fiscal year is due to the write-off of \$229,096 for the development costs for the Ashley Gold Project. During 2018, the Company also acquired new options and made payments totalling \$96,813 in cash and issued \$60,650 in shares for property.

Current liabilities at the end of the 2019 fiscal year decreased due to the write off of accrued management fees and fees to the VP of Explorations of \$470,625. 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.

Total equity consists of share capital, reserves and deficit. The increase in share capital for fiscal years 2019, 2018 and 2017 are due to the shares issued for the private placements 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 2019, 2018 and 2017 fiscal years to directors, officers, employees and consultants and the vesting of stock options from stock options granted in the previous years. During the 2019, 2018 and 2017 fiscal years, the reserve increased due to the fair value of warrants issued for private placement units and for finders' fee.

Statement of Comprehensive Loss – Selected Information	Years ended		
	October 31, 2019	October 31, 2018	October 31, 2017
Expenses			
Exploration and property investigation expenditures	\$ 773,738	\$ 462,578	\$ 2,025,099
General administration (recovery)	(85,474)	486,982	555,372
Share-based payments	147,030	110,268	253,994
	835,294	1,059,828	2,834,465
Other income and loss			
Interest income	(3,888)	(2,332)	(1,090)
Other income	(8,167)	-	-
Write-off of mineral properties	158,404	229,096	-
Net loss and comprehensive loss	\$ 981,643	\$ 1,286,592	\$ 2,833,375
Basic and diluted loss per share	\$ 0.016	\$ 0.024	\$ 0.058

During the 2019 fiscal year, the Company conducted exploration at the Currie and Matachewan properties. During the 2018 fiscal year, the Company conducted a small exploration program at the Egan property. The general administrative expenses also decreased in fiscal 2019 due to the

write-off of management fees to the CEO, CFO and VP of Explorations totalling \$301,250. For the 2018 fiscal year, the decrease in general administration expenses is due to the decrease in the Company's exploration 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. In addition, the Company received a grant of \$145,328 from the Ontario Prospectors Association that has been netted against the exploration expenditures.

Finance income is interest paid by the bank on the Company's reclamation deposit from 1.0% to 1.25% 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 1,710,500 stock options due to the expiry of the options and 131,604 stock options were forfeited due to the departure of an employee of the Company.

During the 2019 fiscal year, the Company granted 2,400,000 stock options to directors, officer and consultants. The Company also had 900,000 stock options that expired during the year.

1.4 SUMMARY OF QUARTERLY INFORMATION

The following is selected financial information for the Company's most recent eight quarters ended October 31, 2019:

Quarter ended	Total revenue	Net loss and comprehensive loss	Net loss per share (basic and diluted)	Total assets
	\$	\$	\$	\$
Q4/19 – October 31, 2019	-	(91,043)	(0.001)	1,415,904
Q3/19 – July 31, 2019	-	(146,053)	(0.002)	950,712
Q2/19 – April 30, 2019	-	(324,054)	(0.005)	999,775
Q1/19 – January 31, 2019	-	(420,493)	(0.007)	1,242,286
Q4/18 – October 31, 2018	-	(231,356)	(0.004)	1,016,161
Q3/18 – July 31, 2018	-	(236,490)	(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

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 as at April 30, 2018 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.

The increase in net loss for the first quarter of 2019 is due to the increase in drilling activities at the Currie Property in Ontario.

The decrease in net loss and comprehensive loss and total assets are due to the continuation of the use of cash and incurring expenses for the drilling program at the Ontario Property during the first quarter of 2019.

The Company continues to incur a decrease in net loss and comprehensive loss and total assets in the second and third quarters of 2019 due to the decrease in exploration activities for both periods. The total assets also decrease at the end of these two quarters due to the use of cash for general operation expense.

During the last quarter of the 2019 fiscal year, the Company wrote off mineral property acquisition costs of \$87,895 for the Egan and Currie properties. The Company also wrote off \$161,250 in geological consultant fees for the VP of Explorations and \$301,250 in management fees for the CEO, CFO and the VP of Explorations.

1.5 RESULTS OF OPERATIONS

The Company recorded a net loss and comprehensive loss of \$981,643 and \$1,286,592 for the years ended October 31, 2019 and October 31, 2018 respectively. The decrease in net loss in the current year ended October 31, 2019 compared to the year ended October 31, 2018 is due to the write off of management fees and geological consultant fees in exploration expenditures. During the year ended October 31, 2019, the Company acquired 100% interest in the mineral property located in the Egan Township known as the Ontario Property for \$20,191 and the Ontario Claims for \$6,690 along with 150,000 common shares issued at \$0.07 per share. The Company also completed three private placements. The first private placement of 2,500,000 units for \$250,000 with share issue costs of \$5,377 closed on November 28, 2018. The second private placement of 2,916,667 flow-through units for \$350,000 with share issue costs of \$29,130 for finder's fee, legal and filing fee and broker warrants with a fair value of \$6,105 closed on December 17, 2018. The last private placement was completed on September 9, 2019 for \$1,000,000 for 20,000,000 units at price of \$0.05. Each unit consists of one common share and one share purchase warrant with an exercise price of \$0.08 and expires 24 months from the closing date of the private placement. Broker fees in connection with the private placement consist of 480,000 warrants valued at \$17,280 and cash payment of \$24,000. Additional legal, transfer agent and filing fees totaled \$16,885.

The following table provides a breakdown of exploration expenditures on the Ontario Projects incurred during the year ended October 31, 2019:

	Year ended October 31, 2019	Accumulated-to-date – October 31, 2019
Airborne survey	\$ -	\$ 395,500
Assay and analysis	94,171	551,213
Camp accommodations	-	110,706
Drilling	461,204	1,790,566
Equipment rentals	60	61,911
Field costs	31,581	232,911
Geological	26,350	434,278
Property rentals	28,374	151,190
Salaries and benefits	93,777	825,204
Staking	18,335	61,273
Transportation and freight	9,162	58,293
Travel and accommodations	8,324	78,283
Total	\$ 771,338	\$ 4,751,328

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 year ended October 31, 2019 due to no drilling programs conducted during these periods. The expenditures for the year ended October 31, 2019 consist of \$2,400 for storage of equipment.

The following table provides a breakdown of general administration costs incurred during the year ended October 31, 2019 and 2018:

General administration costs (recovery):	Year ended October 31, 2019	Year ended October 31, 2018
General administrative	\$ 114,515	\$ 230,642
Management salaries and fees (recovery)	(233,794)	219,087
Professional fees	20,744	22,322
Transfer agent, listing and filing fees	13,061	14,931
	\$ (85,474)	\$ 486,982

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. For the year ended October 31, 2019, management salaries and fees decreased due to the write off of management fees of \$301,250 to the CEO, CFO and the VP of Explorations net of management fees salary and fees of \$69,956.

All costs were lower due to the Company's effort to decrease spending 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 Ontario Projects, 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, 2019, cash flow used for operating activities was \$1,001,901 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, 2019, the Company had cash of \$525,616 which will be sufficient to meet current liabilities of \$223,745 due within one year. The working capital of the Company at October 31, 2019 is \$356,287.

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 year, 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 November 29, 2018, the Company completed a private placement of \$250,000 for the issuance of 2,500,000 units at \$0.10 per unit. Each unit contains one common share and one share purchase warrant for one common share at \$0.15 expiring in 24 months. A portion of the proceeds from the

unit private placement has been allocated to reserves for the warrants in the private placement units based on the market price of the share used for the issuance. Share issue costs of \$5,377 were incurred.

On December 17, 2018, the Company completed a non-brokered private placement of \$350,000 through the issuance of 2,916,667 units of flow-through shares at a price of \$0.12 per unit. Each flow-through unit consists of one common share and one half of one non-transferable non-flow through common share purchase warrants. Each non-flow through warrant entitles the holder to purchase one common share at an exercise price of \$0.17 per a period of 24 months from the closing date. Finder's fees totaling \$16,500 in cash were paid and 137,500 common share purchase warrants were issued. Each Finder's warrant is non-transferable and exercisable for one common share at \$0.17 for a period of 24 months from the closing date. A portion of the proceeds from the flow-through unit private placement has been allocated to reserves for the one-half warrants in the flow-through private placement units based on the market price of the Company's share used for the issuance. A recovery of a flow-through premium liability of \$8,167 has been recognized as income from the flow-through shares premium. Additional share issue costs for legal and filing fees of \$12,630 were incurred. The \$350,000 of flow-through financing has been spent on qualifies expenditures during the year.

On September 9, 2019, the Company completed a non-brokered private placement for \$1,000,000 for 20,000,000 units at price of \$0.05. Each unit consists of one common share and one share purchase warrant with an exercise price of \$0.08 and expires 24 months from the closing date of the private placement. Broker fees in connection with the private placement consist of 480,000 warrants valued at \$17,280 and cash payment of \$24,000. Additional legal, transfer agent and filing fees totaled \$16,885.

At October 31, 2019, 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 \$1,192,159 as at October 31, 2019 compared to \$484,831 as at October 31, 2018. The increase is due to the net loss of \$981,643 for the year ended October 31, 2019, offset by the increase in the net proceeds of \$1,524,608 from the private placement of units completed on November 29, 2018, the private placement of flow-through units completed on December 17, 2018 and the private placement of units completed on September 9, 2019. The Company also recorded of \$147,030 for share-based payments.

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 was a net recovery of \$231,294 with actual expenses of \$69,956 and write off of management fees of \$301,250, \$8,885 for geological consultant fees consisting of \$170,135 for expenses net of write-off of \$161,250, and share-based payments totaled \$143,724 for the year ended October 31, 2019.
- b) At October 31, 2019, accounts payable and accrued liabilities include \$131,250 due to companies owned by directors and officers of the Company and \$13,085 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, 2019. Refer to Note 2 of the audited financial statements for the year ended October 31, 2019.

1.12 CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies for the year ended October 31, 2019 for the Company.

The following is the accounting standard that is effective in future period that may have an impact on the Company:

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 has assessed the impact of the application of IFRS 16 on the Company's financial statements and determined that there will be no adjustments required due to no existing long-term leases for the Company.

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, 2019, the Company had accounts payable and accrued liabilities of \$223,745 due within one year, and cash of \$525,616.

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 of 1.0% to 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, 2019, 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

At the date of this MD&A	<u>Number Outstanding</u>
Common Shares	80,558,916
Stock Options	5,100,000
Warrants	29,600,833

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, 2019. 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.