# PROSPER GOLD CORP.
# MANAGEMENT'S DISCUSSION AND ANALYSIS
# FOR THE NINE MONTHS ENDED JULY 31, 2020

## 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 nine months ended July 31, 2020 is derived from, and should be read in conjunction with, Prosper Gold's unaudited financial statements for the period ended July 31, 2020, as publicly filed on Sedar at www.sedar.com.

The Company prepared the unaudited financial statements and note disclosures for the nine months ended July 31, 2020 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 unaudited financial statements.

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

On September 8, 2020, the Company completed the consolidation of the common shares in the capital of the Company at a ratio of 10 pre-Consolidation Common Shares for 1 post-consolidation common share (the "consolidated shares"). The consolidated shares began trading on a consolidated basis under the existing trading symbol at market open on September 8, 2020. The share consolidation reduced the number of the Company's outstanding common shares from 80,558,916 common shares to 8,055,891 common shares. As a result of the share consolidation, all information involving the Company's share capital, outstanding stock options and warrants will also be adjusted with a basis of 10 to 1 along with proportionate adjustments made to the exercise prices of the outstanding options and warrants.

### 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 11 of this MD&A.

This MD&A has been prepared using information as of September 25, 2020 and approved by the Board on September 25, 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

RED LAKE PROJECTS

In August 2020 Prosper Gold optioned, staked, and purchased over 16,000 hectares of mineral claims and leases in Red Lake, Ontario. The claims include the Golden Sidewalk and Skinner projects.

### Golden Sidewalk

Gold was first discovered on this property in 1926. The discovery was called the “Golden Sidewalk” on the early maps, where it was described as a white granular quartz vein 11 feet (3.35m) wide where exposed and was observed to contain an abundance of coarse gold. The Bathurst Mine was developed in 1929 with a 61 m shaft and two levels with about 900 m of drifting and cross cuts. A total of 149 oz of gold and 50 oz of silver were produced in 1929 and the Bathurst Mine saw intermittent production until 1937.

High-grade gold samples have been collected in a northeast trending area about 1500 m long near the Bathurst Mine. In September of 2004, Sabina prospected the property and discovered two new gold zones. Grab sampling returned extremely high gold grades, approximately 800 m southwest of the Bathurst Mine, from what has been called the “Joe Vein”. The Joe Vein was traced for about 30 meters before disappearing under overburden and swamp. The Joe Vein channel sampling returned assay intercepts of up to 73.09 g/t gold (2.35 oz/t gold) over 2.4m on surface and remains open at both ends. Assays returned from grab samples ran as high as 3,742.55 g/t gold (109.17 oz/t gold).

Twenty-three holes totaling 2,472 meters were drilled in March 2008. Drilling intersected gold mineralization in the primary target "Bathurst Mine Horizon" and discovered a second horizon with high-grade gold mineralization, including 45.96 g/t gold (1.34 oz/t gold) over 1.70 meters 420m west of the Bathurst Mine. The diamond drilling of the "Bathurst Mine Horizon" and the new "Upper Bathurst Mine Horizon" confirmed the presence of multiple gold bearing structures with further potential along strike and at depth.

**Skinner Project**

The Skinner project is adjacent to and south of the Golden Sidewalk. Gold was discovered there by Thomas Dunkin in 1926. Dunkin Gold Mines was incorporated in 1928 and a 271-foot (83m) shaft was sunk to follow-up on the high-grade gold veining observed on surface. No production was reported. Other high-grade gold occurrences on the claims include the Dunkin II (grab samples up to 73 g/t gold) and Vihonen (grab samples up to 182 g/t gold).

In 1993, the Geological Survey of Canada released results from a basal till sampling program performed in the Red Lake area (*Open File 2583, 1993 by D.R. Sharpe*). Follow-up work traced the survey findings up ice towards magnetic anomalies located at or near the Balmer/Confederation Assemblage contact. The gold grains are less rounded and mechanically worn (more pristine), which can reflect a local source. In summer and fall 2003, Teck carried out extensive exploration including a detailed airborne magnetometer survey, aerial photography, geological mapping and rock sampling, rock geochemical survey, and till sampling.

Teck's till sampling identified many samples with pristine gold grains in a down-ice dispersal zone measuring 5km wide 3 km long area concentrated along a regional unconformity. More detailed till sampling and a reconnaissance induced polarization ("IP") survey were recommended to define follow-up drill targets.

The Option Agreement (See the company's August 10$^{th}$, 2020 News Release) calls for the Company to pay $50,000 cash, issue up to 1,500,000 Prosper Gold shares and for work expenditures totaling $2,600,000 over 4 years in order to earn a 100% interest.

## ***GALAHAD, WYDEE & MATACHEWAN PROJECTS***

**Wydee & Galahad**

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.

**Matachewan**

In 2019 seven diamond drill holes totaling 2,111 meters were drilled, logged, and sampled by Prosper Gold at the Middleton target. Drilling was on the immediate northwest side of the Cadillac-Larder Lake Break (CLLB) and highway 66, in an area underlain by pink to red syenite and massive dark green basalt. Drilling focused where historic work outlines anomalous gold-silver-copper mineralization. It was designed to test the known mineralized zone to confirm historic work. No drilling was done to test beyond the known area laterally or to depth.

New results confirm the older data and augment them. Together they define a robust mineralized system 300m by 200m and about 250 m deep with widely distributed gold-silver-copper values. Mineralization is largely hosted in the altered red syenite.

***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

Not required for interim MD&A.

## 1.4 SUMMARY OF QUARTERLY INFORMATION

The following is the selected financial information for the Company's most recent eight quarters ended July 31, 2020:

| Quarter ended | Total revenue | Net loss and comprehensive loss | Net loss per share (basic and diluted) | Total assets |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Q3/20 – July 31, 2020 | - | (110,555) | (0.01) | 995,482 |
| Q2/20 – April 30, 2020 | - | (233,796) | (0.03) | 1,042,813 |
| Q1/20 – January 31, 2020 | - | (115,963) | (0.02) | 1,273,437 |
| Q4/19 – October 31, 2019 | - | (91,044) | (0.01) | 1,415,904 |
| Q3/19 – July 31, 2019 | - | (146,053) | (0.02) | 950,712 |
| Q2/19 – April 30, 2019 | - | (324,054) | (0.05) | 999,775 |
| Q1/19 – January 31, 2019 | - | (420,492) | (0.07) | 1,242,286 |
| Q4/18 – October 31, 2018 | - | (231,356) | (0.04) | 1,016,161 |

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.

The increase in total assets during the last quarter of 2019 is due to the completion of a private placement for $1,000,000.

During the first quarter of 2020, the increase in net loss compared to the last quarter of 2019 is due to the increase in travel and accommodation expenses for the CEO and the COO for their attendance in conferences. The total assets also decreased due to the usage of cash for the Company's exploration activities and operations.

During the second quarter of 2020, the increase in net loss compared to the first quarter of 2020 is due to the drilling activities during the quarter. The total assets continue to decrease due to the usage of funds for the exploration and operation activities.

In the third quarter of 2020, the Company continued with exploration activities. The decrease in net loss is due to no drilling activities conducted in the period. The Company received a $40,000 loan from the Canada Emergency Business Account which contributed to the slight decrease in total assets compared to the previous quarter.

## 1.5 RESULTS OF OPERATIONS

The Company recorded a net loss and comprehensive loss of $460,316 and $890,600 for the 9 months ended July 31, 2020 and July 31, 2019 respectively. The decrease in net loss in the current nine months ended July 31, 2020 compared to the nine months ended July 31, 2019 is due to the decrease in exploration activities and no management fees accrued for the CEO and the VP of Explorations.

The following table provides a breakdown of exploration expenditures on the Ontario Projects incurred during the three months period ended July 31, 2020:

| | **Three months ended July 31, 2020** | **Accumulated-to-date – July 31, 2020** |
|---|---|---|
| Airborne survey | **$ -** | **$ 395,500** |
| Assay and analysis | **-** | **558,198** |
| Camp accommodations | **2,670** | **113,376** |
| Drilling | **-** | **1,886,927** |
| Equipment rentals | **800** | **62,711** |
| Field costs | **8,048** | **250,929** |
| Geological | **8,925** | **452,903** |
| Property rentals | **6,872** | **169,491** |
| Salaries and benefits | **34,751** | **897,552** |
| Staking | **416** | **61,689** |
| Transportation and freight | **3,843** | **64,100** |
| Travel and accommodations | **-** | **78,283** |
| Total | **$ 66,325** | **$ 4,991,659** |

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 nine months period ended July 31, 2020 due to no drilling programs conducted during these periods. The expenditures for the nine months period ended July 31, 2020 consist of $1,800 for storage of equipment, $4,950 for geological reports and a recovery of field costs of $36,000 for an invoice to a unrelated Company for the sale of field supplies.

The following table provides a breakdown of general administration costs incurred during the nine months ended July 31, 2020 and 2019:

| **General administration costs:** | **Nine months ended July 31, 2020** | Nine months ended July 31, 2019 |
|---|---|---|
| General and administrative | **$ 114,204** | $ 85,221 |
| Management salaries and fees | **52,999** | 44,938 |
| Professional fees | **28,293** | 16,048 |
| Transfer agent, listing and filing fees | **16,406** | 9,536 |
| | **$ 211,902** | $ 155,743 |

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.

The increase in general and administrative expenses, professional fees and transfer agent and listing and filing fees are due to costs incurred for the Company AGM held in May 2020 this fiscal year versus August in the previous fiscal year.

Management salaries and fees consist of salary to the Chief Operating Officer, the Chief Executive Officer, Chief Financial Officer and the VP of Explorations. For the nine months period ended July 31, 2020, management salaries and fees were paid only to the CFO and COO. No management fees were paid to the CEO and the VP of Explorations.

## 1.6 LIQUIDITY

The Company's main source of funding has been the issuance of equity securities for cash through private placements. During the last quarter, the Company received $40,000 from a loan through the Canada Emergency Business Account. The loan is interest free until December 31, 2022 and interest of 5% per annum thereafter until the due date of December 31, 2025. 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 nine months period ended July 31, 2020, cash flow used for operating activities was $466,276 mainly due to exploration costs for the Ontario Projects, general and administrative costs including salaries and cost for AGM. 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 July 31, 2020, the Company had cash of $55,193 which will not be sufficient to meet current liabilities of $172,482 due within one year. The working capital of the Company at July 31, 2020 is a deficit of $59,517.

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 250,000 units at $1.00 per unit. Each unit contains one common share and one share purchase warrant for one common share at $1.50 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 291,667 units of flow-through shares at a price of $1.20 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 $1.70 per a period of 24 months from the closing date. Finder's fees totaling $16,500 in cash were paid and 13,750 common share purchase warrants were issued. Each Finder's warrant is non-transferable and exercisable for one common share at $1.70 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 2019 fiscal year.

On September 9, 2019, the Company completed a non-brokered private placement for $1,000,000 for 2,000,000 units at price of $0.50. Each unit consists of one common share and one share purchase warrant with an exercise price of $0.80 and expires 24 months from the closing date of the private placement. Broker fees in connection with the private placement consist of 48,000 warrants valued at $17,280 and cash payment of $24,000. Additional legal, transfer agent and filing fees totaled $16,885.

At July 31, 2020, 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 $783,000 and loan payable of $40,000 as at July 31, 2020 compared to $1,192,159 as at October 31, 2019. The decrease is due to the net loss of $460,316 for the nine months period ended July 31, 2020, offset by $44,234 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 are made at normal market prices and on normal commercial terms.

a) Key management compensation includes $91,866 and share-based payments totaled $40,442 for the nine months ended July 31, 2020.
b) At July 31, 2020, accounts payable and accrued liabilities include $131,250 due to the Company owned by the VP of Explorations. In addition, $2,180 is due to COO for accrued salary.

**1.10 PROPOSED TRANSACTIONS**

On September 8, 2020, the TSX-V approve the share consolidation of 10 pre-consolidation common shares to 1 post-consolidation common shares. The consolidation will also apply to the Company's outstanding stock option and warrants. No fractional shares will be issued. In the event that a shareholder would otherwise be entitled to receive a fractional share from the consolidation, the consolidated shares to be received will be rounded up to the next greater whole number of common shares if the fractional entitlement is equal to or greater than 0.5. If the fractional entitlement is less than 0.5, then the consolidated shares to be received will be rounded down to the nearest whole number without any additional compensation.

On September 9, 2020, the Company announced a non-brokered private placement financing of up to $5,000,000 through the issuance of units of the Company at a price of $0.55 per unit. Each unit consists of one common share and one transferable share purchase warrant exercisable into one common share at a price of $0.85 for a period of 24 months from the closing date. The Company may pay finder's fee in accordance to the rule of the TSX-V. The financing is subject to the completion of formal documents and the approval of the TSX-V. All securities issued pursuant to this private placement will be subject to a four month and one day hold period in accordance with applicable securities laws.

## 1.11 CRITICAL ACCOUNTING ESTIMATES

There have been no changes in critical accounting estimates for the nine months period ended July 31, 2020. 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 nine months ended July 31, 2020 for the Company.

The following is the accounting standard that is effective beginning in current period:

### 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, accounts payable and accrued liabilities and loan payable. 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 and loan payable 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 July 31, 2020, the Company had accounts payable and accrued liabilities of $172,482 due within one year, and cash of $55,193.

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 0.25%. 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 July 31, 2020, 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 – Post-Consolidation |
|---|---|
| At the date of this MD&A | |
| Common Shares | **8,105,891** |
| Stock Options | **482,500** |
| Warrants | **2,457,583** |

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 in the Company's MD&A 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.

Since December 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. This outbreak may also cause staff shortages, reduced customer demand, increased government regulations or interventions, all of which may negatively impact the business, financial condition or results of operations of the Company. The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and severity of these developments.