
PROSPER GOLD CORP.
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JANUARY 31, 2022
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a) continuous disclosure requirement, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these Condensed Interim Financial Statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

PROSPER GOLD CORP.
Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	As at	
		January 31, 2022 (Unaudited)	October 31, 2021
ASSETS			
Current assets			
Cash and cash equivalents	10	\$ 2,130,978	\$ 3,636,299
Amounts receivable		131,373	468,959
Marketable securities	6	181,300	13,000
Prepaid expenses and deposit	10	216,362	319,393
		2,660,013	4,437,651
Non-current assets			
Reclamation deposit	4	219,000	219,000
Equipment	5, 11(c)	342,203	358,376
Mineral properties	6	921,266	921,266
		1,482,469	1,498,642
		\$ 4,142,482	\$ 5,936,293
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	11	\$ 217,213	\$ 718,627
Non-current liabilities			
Loan payable	7	38,295	37,819
Deferred gain on loan payable	7	1,705	2,181
		40,000	40,000
		257,213	758,627
SHAREHOLDERS' EQUITY			
Share capital	8	24,471,832	24,471,832
Reserves	9	5,140,107	4,505,387
Deficit		(25,726,670)	(23,799,553)
		3,885,269	5,177,666
		\$ 4,142,482	\$ 5,936,293

These financial statements were approved by the Board of Directors and authorized for issue on March 25, 2022. They are signed on behalf of the Board of Directors by:

/s/ "Peter Bernier"

Peter Bernier
Director

/s/ "Jason Hynes"

Jason Hynes
Director

The accompanying notes are an integral part of these condensed interim financial statements.

PROSPER GOLD CORP.
Statements of Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Note	Three months ended	
		January 31, 2022	January 31, 2021
Expenses			
Exploration expenditures	5,6,11	\$ 1,179,160	\$ 281,267
General and administrative	5	115,656	149,384
Management salaries and fees	11	124,885	250,212
Professional fees		25,351	22,162
Share-based payments	9(b)(c), 11	634,720	205,869
Transfer agent, listing and filing fees		17,040	3,503
		2,096,812	912,397
Other (income) and expense			
Interest income		(1,395)	(85)
Gain on disposal of mineral properties	6	(205,200)	-
Unrealized loss on marketable securities	6	36,900	-
		(169,695)	(85)
Net loss and comprehensive loss for period		\$ 1,927,117	\$ 912,312
Loss per share			
Basic and diluted		\$ 0.08	\$ 0.06
Weighted average number of common shares outstanding		23,196,476	16,557,796

The accompanying notes are an integral part of these condensed interim financial statements.

PROSPER GOLD CORP.**Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
(Unaudited)**

For the three months ended January 31, 2021

	Number of Shares	Reserves			Total	Deficit	Total
		Share Capital	Security Based Compensation	Other			
Balance at October 31, 2020	13,721,801	\$16,382,054	\$1,436,057	\$ 687,963	\$2,124,020	\$(15,279,727)	\$ 3,226,347
Private placement – units (note 8(b))	6,111,111	5,500,000	-	-	-	-	5,500,000
Shares issued for property (notes 6(a), 8(c))	50,000	87,000	-	-	-	-	87,000
Shares issued for warrants exercised	426,000	340,800	-	-	-	-	340,800
Share issue costs (note 8(b))	-	(289,477)	-	107,089	107,089	-	(182,388)
Share-based payments (note 9(b))	-	-	205,869	-	205,869	-	205,869
Net loss for the period	-	-	-	-	-	(912,312)	(912,312)
Balance at January 31, 2021	20,308,912	\$22,020,377	\$1,641,926	\$ 795,052	\$2,436,978	\$(16,192,039)	\$ 8,265,316

For the three months ended January 31, 2022

	Number of Shares	Reserves			Total	Deficit	Total
		Share Capital	Security Based Compensation	Other			
Balance at October 31, 2021	23,196,476	\$24,471,832	\$3,710,334	\$ 795,053	\$4,505,387	\$(23,799,553)	\$ 5,177,666
Share-based payments (note 9(b))	-	-	634,720	-	634,720	-	634,720
Net loss for the period	-	-	-	-	-	(1,927,117)	(1,927,117)
Balance at January 31, 2022	23,196,476	\$24,471,832	\$4,345,054	\$ 795,053	\$5,140,107	\$(25,726,670)	\$ 3,885,269

The accompanying notes are an integral part of these condensed interim financial statements.

PROSPER GOLD CORP.

Statement of Cash Flows (Expressed in Canadian Dollars) (Unaudited)

	Three months ended	
	January 31, 2022	January 31, 2021
Cash provided by (used in):		
Operating activities		
Net loss	\$ (1,927,117)	\$ (912,312)
Adjustments for:		
Amortization of equipment	20,448	1,605
Gain on sale of mineral property	(205,200)	-
Unrealized loss on marketable securities	36,900	-
Share-based payments	634,720	205,869
Net change in non-cash working capital		
Amounts receivable	337,586	(484)
Prepaid expenses and deposit	103,031	1,898
Accounts payable and accrued liabilities	(501,414)	(102,500)
	(1,501,046)	(805,924)
Investing activities		
Purchase of equipment	(4,275)	(1,933)
	(4,275)	(1,933)
Financing activities		
Proceeds from private placement	-	5,500,000
Issuance of shares for warrants exercised	-	340,800
Share issue costs	-	(182,388)
	-	5,658,412
Increase (decrease) in cash	(1,505,321)	4,850,555
Cash and cash equivalents, beginning of period	3,636,299	2,346,449
Cash, end of period	\$ 2,130,978	\$ 7,197,004
Non-cash activities		
Fair value of broker warrants for private placement	\$-	\$107,089
Fair value of marketable securities received from sale of mineral property	\$205,200	\$-

PROSPER GOLD CORP.

Notes to Financial Statements

For the three months ended January 31, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited)

1. Nature of operations and going concern

Prosper Gold Corp. ("Prosper" or the "Company") was incorporated under the *Business Corporations Act* (Ontario) on October 11, 2007, continued into British Columbia under the *Business Corporations Act* (British Columbia) and changed its name from Lander Energy Corporation on April 26, 2012. The registered office of the Company is located at Suite 3500 – 1055 Dunsmuir Street, Vancouver, British Columbia, V7X 1L3. Effective September 3, 2013, the Company's common shares were listed on the TSX Venture Exchange (the "Exchange"), trading under the symbol "PGX". Effective March 18, 2021, the Company has qualified to trade on the OTCQX Best Market in the United States under the symbol "PGXFF".

The principal business activity of the Company is the acquisition, exploration and development of mineral properties. These financial statements have been prepared on a going concern basis, which assumes that the Company will continue its operation in the foreseeable future and will be able to realize its assets and settle its liabilities in the normal course of business. The Company has not yet generated any revenues, has incurred losses of \$1,927,117 (3 months ended January 31, 2021 - \$912,312) for the period ended January 31, 2022, negative cash flows from operations since inception and has a deficit of \$25,726,670 as at January 31, 2022 (October 31, 2021 - \$23,799,553). At January 31, 2022, the Company had cash of \$2,310,978 (October 31, 2021 – cash and cash equivalents of \$3,636,299) and working capital of \$2,442,800 (October 31, 2021 - \$3,719,024). The ability of the Company to continue as a going concern over a longer term is dependent on the Company's ability to complete financing to meet administrative overhead and to complete the exploration and development of its mineral property interest, attainment of profitable mining operations or the receipt of proceeds from the disposition of its mineral property interest. However, there is no guarantee that the Company will establish economically recoverable reserves, profitable operations or positive cash flows from operations. The Company will continue to raise funding through equity financing to continue operations and has been successful to date, but there can be no assurance that adequate financing will be available in the future, or available on terms acceptable to the Company and, therefore, a material uncertainty exists that may cast significant doubt over the Company's ability to continue as a going concern.

These financial statements do not include any adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

Since January 2020, the continuing outbreak of the novel strain of the coronavirus, COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic downturn. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. This may impact the Company's ability to obtain additional financing to support exploration activities.

2. Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). Accordingly, these condensed interim financial statements do not include all information and disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements, and should be read in conjunction with the Company's audited financial statements for the year ended October 31, 2021, which have been prepared in accordance with IFRS.

(b) Basis of presentation

These financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are recorded at fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The Company's interim results are not necessarily indicative of its results for the full year.

PROSPER GOLD CORP.

Notes to the Financial Statements

For the years ended October 31, 2021 and 2020

(Expressed in Canadian Dollars)

2. Basis of preparation (continued)

(c) Presentation and functional currency

The presentation and functional currency of the Company is the Canadian dollar. All amounts in these financial statements are expressed in Canadian dollars, unless otherwise indicated.

(d) Critical accounting judgments and estimates

The preparation of financial statements in accordance with IFRS requires management to make certain critical accounting estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures. Actual results could differ from these judgments and estimates. Estimates and underlying assumptions are reviewed on an ongoing basis based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The impacts of changes to estimates are recognized in the period estimates are revised and in future periods affected. The critical judgment and assumptions applied in the preparation of these condensed interim financial statements and other major sources of measurement uncertainty are discussed in the Company's audited financial statements for the year ended October 31, 2021.

3. Significant accounting policies

The significant accounting policies applied in the preparation of these condensed interim financial statements are consistent with those applied and discussed in the Company's audited financial statements for the year ended October 31, 2021.

4. Reclamation deposit

The Company was required to post a security deposit of \$190,000 in favor of the BC Ministry of Energy and Mines prior to commencement of surface work at the Star Property.

During the year ended October 31, 2020, the Company posted an additional security deposit of \$29,000 in favor of the BC Ministry of Energy and Mines for the Star Property.

Both security deposits were posted with a Canadian financial institution and bear interest at the rate of 0.10%.

5. Equipment

	Computer Equipment	Office Furniture	Field Equipment	Vehicles	Total
Cost					
As at October 31, 2020	\$ 17,521	\$ 2,236	\$ 37,047	\$ 13,704	\$ 70,508
Additions	12,150	-	296,843	75,017	384,010
As at October 31, 2021	\$ 29,671	\$ 2,236	\$ 333,890	\$ 88,721	\$ 454,518
Additions	2,813	-	1,462	-	4,275
As at January 31, 2022	\$ 32,484	\$ 2,236	\$ 335,352	\$ 88,721	\$ 458,793
Accumulated Amortization					
As at October 31, 2020	\$ 15,513	\$ 1,576	\$ 17,978	\$ 10,908	\$ 45,975
Amortization	4,445	132	33,498	12,092	50,167
As at October 31, 2021	19,958	1,708	51,476	23,000	96,142
Amortization	1,336	26	14,157	4,929	20,448
As at January 31, 2022	\$ 21,294	\$ 1,734	\$ 65,633	\$ 27,929	\$ 116,590
Carrying value					
As at October 31, 2021	\$ 9,713	\$ 528	\$ 282,414	\$ 65,721	\$ 358,376
As at January 31, 2022	\$ 11,190	\$ 502	\$ 269,719	\$ 60,792	\$ 342,203

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Notes to the Financial Statements

For the years ended October 31, 2021 and 2020

(Expressed in Canadian Dollars)

6. Mineral properties

The Company capitalizes costs of mineral property option payments for cash and share issuances and the related transaction costs for the Ontario Projects in Ontario and the Star Property in British Columbia.

Costs	Ontario Projects			Star	Total
	Matachewan	Galahad	Golden Sidewalk		
Balance, October 31, 2020	\$ 19,329	\$ 83,517	\$ 248,980	\$ 446,715	\$ 798,541
Share issuances	-	-	87,000	-	87,000
Additions	-	-	130,418	-	130,418
Write-off	-	(83,517)	-	-	(83,517)
Claims sold	(11,176)	-	-	-	(11,176)
Balance, October 31, 2021 and January 31, 2022	\$ 8,153	\$ -	\$ 466,398	\$ 446,715	\$ 921,266

(a) Ontario Projects, Ontario, Canada

Matachewan Land Package

On March 21, 2019, the Company entered into a purchase agreement and acquired a 100% interest in 64 mineral claims and 6 mining patents. During the 2020 fiscal year, transaction costs for legal fees of \$2,140 were paid for legal fees to transfer the titles of the claims to the Company.

During the year ended October 31, 2021, the Company sold 37 mineral claims to LaSalle Exploration Corp. ("LaSalle") for cash proceeds of \$10,000 and 100,000 common shares of LaSalle with a fair market value of \$19,000 on the completion date. The Company incurred legal fees of \$3,268 for the transaction. A gain of \$14,557 (2020 - \$nil) has been recorded on the statements of comprehensive loss for the year ended October 31, 2021. As at January 31, 2022, the 100,000 LaSalle shares were adjusted to the market value of \$8,500 (October 31, 2021 - \$13,000) and an unrealized loss of \$4,500 (January 31, 2022 - \$Nil) has been recorded in the statement of comprehensive loss.

Wydee Claims

During the period, the Company sold 43 claims for the Wydee Property to the Canadian Nickel Company Inc. ("CNC") that was previously written off during the 2020 fiscal year. The Company received 60,000 shares of CNC at a market value of \$3.42 per share for a value of \$205,200. The proceeds have been recorded as a gain in the statement of comprehensive loss. As at January 31, 2021, the 60,000 CNC shares were adjusted to the market value of \$172,800 and an unrealized loss of \$32,400 has been recorded in the statement of comprehensive loss.

Galahad

On April 20, 2016, the Company entered into a purchase agreement (the "Purchase Agreement") with JCML Resources Inc. ("JCML"), whereby the Company agreed to acquire 13 mineral claims ("Galahad") surrounding the Ashley Gold Mine for \$50,000 and 10,000 Prosper shares. The Company issued the 10,000 common shares at a price of \$2.60 per share and paid \$50,000 for the acquisition in 2016.

During the year ended October 31, 2021, the Company wrote-off the costs of \$83,517 for Galahad to \$nil, its estimated recoverable value from fair value less cost of disposal, in accordance with level 3 of the fair value hierarchy as the Company no longer intends to pursue this project.

Golden Sidewalk Project

Sabina Agreement

On August 9, 2020 ("Sabina Effective Date"), the Company entered into an option agreement with Sabina Gold & Silver Corp. ("Sabina") to acquire a 100% interest in the Golden Sidewalk Properties, subject to the permitted encumbrances, underlying royalties, the Golden Sidewalk Royalties and any additional property royalty in accordance with the following:

PROSPER GOLD CORP.

Notes to the Financial Statements

For the years ended October 31, 2021 and 2020

(Expressed in Canadian Dollars)

6. Mineral properties (continued)

(a) Ontario Projects, Ontario, Canada (continued)

Golden Sidewalk Project (continued)

- a) In order to acquire a 70% interest ("Sabina First Option"), the Company shall pay \$40,000 cash, issue 900,000 common shares and incur \$1,400,000 as follows:
- (i) within five business days of receipt of TSXV approval, pay \$20,000 cash (paid) and issue 50,000 common shares (issued September 8, 2020)
 - (ii) on or before six months of the Sabina Effective Date, issue 50,000 common share (issued January 25, 2021) and incur expenditures of \$150,000 (incurred)
 - (iii) on or before 18 months of the Sabina Effective Date, issue 250,000 common shares, pay \$10,000 in cash and incur \$500,000 in expenditures (Note 14)
 - (iv) on or before 30 months of the Sabina Effective Date, issue 550,000 common shares, pay \$10,000 in cash and incur \$750,000 in expenditures (Note 14)
- b) Upon the exercise of the Sabina First Option, the Company can elect to pursue the second option to acquire the remaining 30% interest on or before 48 months of the Sabina Effective Date, by issuing an additional 600,000 common shares, pay an additional \$10,000 in cash, incur an additional \$1,200,000 of expenditures and enter into agreement to fully assume and novate to the Company the permitted encumbrances and all royalties that Sabina is subject to for the property.

Per the agreement, in the event that the Company does not incur the required expenditures in each period, the Company may pay Sabina in cash any shortfall by the end of each period.

Upon the exercise of the first option by the Company, Sabina and the Company will enter in a royalty agreement ("Golden Sidewalk Royalty") whereby Sabina will retain and the Company will pay to Sabina 2.0% NSR on the proceeds from the production or sale of products produced or derived from the Golden Sidewalk property. The Company can elect to purchase 1.0% of the NSR by payment of \$1,000,000.

Smith Agreement

On August 25, 2020, the Company entered into an agreement with Greg Smith to acquire a 100% interest in certain mineral claims for \$25,000 cash (paid).

The acquisition for these claims is subject to a 1% NSR. The Company can elect to purchase 0.5% of the NSR by payment of \$500,000.

Bounty Agreement

On August 31, 2020, the Company entered into an agreement with Bounty Gold Corp. ("Bounty") to acquire a 100% interest in certain mineral claims free of any encumbrances by:

- i. Within 5 days of Exchange approval, payment of \$60,000 in cash (paid)
- ii. Issuance of 125,000 common shares of the Company (issued October 14, 2020)

The purchase is subject to a 2% NSR with an option to purchase 1% of the NSR by the Company with a payment of \$1,000,000.

Claims Purchase

During the year ended October 31, 2021, the Company acquired additional claims for the Golden Sidewalk Project for \$13,200.

Land Purchase

During the year ended October 31, 2021, the Company purchased a parcel of land at Ear Falls, Ontario for \$113,000 and paid \$4,218 for transaction costs.

During the period, the Company received \$60,000 from the Ministry of Northern Development, Mines, Natural Resources and Forestry under an Ontario Transfer Payment Agreement. Under this agreement, the Company will receive up to \$200,000 to conduct exploration work and activities on the Golden Sidewalk Project (Note 14).

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Notes to the Financial Statements

For the years ended October 31, 2021 and 2020

(Expressed in Canadian Dollars)

6. Mineral properties (continued)

(b) Star Property, British Columbia, Canada

Pursuant to an option agreement dated July 15, 2013 between the Company and Firesteel Resources Inc. ("Firesteel") (name changed to Otso Gold Corp.) (the "Option Agreement"), the Company has the exclusive option to earn up to an 80% interest in 19 mining claims on the Star property (formerly the Sheslay property), a copper-gold discovery located northwest of Telegraph Creek, British Columbia, in the Stikine Arch area of northwestern British Columbia, in exchange for cash payments, the issuance of common shares and exploration expenditures over four years as follows:

Pursuant to the option agreement (the "First Option"), the Company has earned a 51% interest in the Star property by:

- Making cash payments to Firesteel totaling \$300,000 over 18 months (paid);
- Issuing a total of 30,000 Prosper common shares to Firesteel (issued); and
- Incurring exploration expenditures totaling \$1,000,000 over 18 months (incurred).

The Company has an additional option (the "Second Option") to earn an additional 19% interest, thereby increasing its total interest in the Property to 70%, which may be exercised by:

- Making cash payments to Firesteel totaling \$200,000 over 36 months (due August 30, 2016) (unpaid);
- Issuing a total of 20,000 Prosper common shares to Firesteel over a period of 36 months (due August 30, 2016) (unissued); and
- Incurring exploration expenditures totaling \$2,000,000 over 36 months (incurred).

The Company has an additional option (the "Third Option") to earn an additional 10% interest, thereby increasing its total interest in the Property to 80%, which may be exercised by:

- Making cash payments to Firesteel totaling \$500,000 over 48 months (unpaid);
- Issuing a total of 50,000 Prosper common shares to Firesteel over a period of 48 months (unissued); and
- Incurring exploration expenditures totaling \$2,000,000 over 48 months (incurred).

Rather than making the Second Option payment and issuance of common shares due August 30, 2016 and the Third Option payment and issuance of common shares due August 30, 2017, the Company and Firesteel entered into a joint venture agreement on August 30, 2016. The Company holds 51% ownership of the Star property. The joint venture agreement specifies that the Company and Firesteel will contribute funds to continue explorations on the Star property pro-rata, based on their percentage of ownership; 51% to be contributed by Prosper and 49% to be contributed by Firesteel.

The underlying royalty holders are entitled to a 2% NSR on the property. The Company has the option to purchase the 2% royalty entitlement for \$2,000,000.

(c) Exploration and evaluation expenditures

During the periods ended January 31, 2022 and 2021, the Company's exploration expenditures (recovery) consisted of the following:

	Ontario Projects		Star Property	
	January 31, 2022	January 31, 2021	January 31, 2022	January 31, 2021
Airborne survey	\$ -	\$ 22,252	\$ -	\$ -
Assay and analysis	115,620	16,393	-	-
Camp accommodation	41,405	-	-	-
Drilling	591,720	-	-	-
Equipment rental	12,641	-	-	-
Field costs (recovery)	110,196	4,500	600	600
Geological (note 11(a))	87,361	208,039	-	-
Property rentals and utilities	53,623	59	-	-
Salaries (note 11(a))	178,231	24,157	-	-
Transportation and freight	15,021	5,267	-	-
Travel and accommodations	32,742	-	-	-
Grant received	(60,000)	-	-	-
	\$ 1,178,560	\$ 280,667	\$ 600	\$ 600

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Notes to the Financial Statements

For the years ended October 31, 2021 and 2020

(Expressed in Canadian Dollars)

7. Loan payable

The Company received \$40,000 for the Canada Emergency Business Account (“CEBA”) interest free loan up to the initial term date of December 31, 2022. 25% of the loan balance will be forgiven if the balance of 75% of the loan balance is repaid by the initial term date of December 31, 2022. Subsequent to December 31, 2022, if 75% of the loan has not been repaid, then the loan is subject to an interest rate of 5% per annum and due for repayment by December 31, 2025. The loan payable has been initially recorded at fair value of \$35,114 and is calculated based on the application of a fair value interest rate of 5% with the anticipated repayment date of December 31, 2022. The initial difference of \$4,886 between the face value of \$40,000 and the initial fair value of the loan payable of \$35,114 has been recorded as a deferred gain on loan payable. Accretion expense of \$476 (January 31, 2021 - \$453) and amortization of deferred gain of \$476 (January 31, 2021 - \$453) has been included in general and administrative expense resulting in the loan payable balance at January 31, 2022 of \$38,295 (October 31, 2021 - \$37,819) and a deferred gain on loan payable balance of \$1,705 (October 31, 2021 - \$2,181). During the 3-month period ended January 31, 2022, the repayment deadline to qualify for partial loan forgiveness has been extended from December 31, 2022 to December 31, 2023.

8. Share capital

(a) Authorized

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

(b) Issued

Private placement activity for the year ended October 31, 2021 were as follows:

On December 22, 2020, the Company completed a non-brokered private placement of 6,111,111 units at \$0.90 per unit for \$5,500,000. Each unit consists of one common share and one-half of one share purchase warrant exercisable at \$1.35 for 24 months. In connection with the offering, finder's fees totaling \$134,385 in cash were paid and 149,316 common share purchase finder warrants were issued with a fair value of \$107,090. Each finder warrant is non-transferable and exercisable for one common share for a period of 24 months following closing of the offering at an exercise price equal to \$1.35. The estimated fair value of the finder warrants was calculated using the Black-Scholes Option Pricing Model based on the following assumptions: risk free interest rate of 0.23%, expected life of 2 years, no annual dividends, expected volatility of 95.85% and a forfeiture rate of 0%. In addition, the Company incurred \$46,445 of costs for legal fees, filing fees, transfer agent fees and bank charges.

(c) Shares issued for property

During the year ended October 31, 2021, the Company issued 50,000 common shares with a fair value of \$87,000 per the Sabina Agreement (note 6(a)). Share issue costs of \$200 were incurred for filing fees.

(d) Warrants exercised

During the year ended October 31, 2021, the Company issued 3,313,564 shares from the exercise of 3,157,310 warrants and 156,254 broker warrants at an average exercise price of \$0.85 per share. Share issue costs of \$13,595 were incurred for transfer agent fees and \$332 for bank charges.

PROSPER GOLD CORP.

Notes to the Financial Statements

For the years ended October 31, 2021 and 2020

(Expressed in Canadian Dollars)

9. Share based payments and warrants

(a) Security Based Compensation plan

The Company has a security based compensation plan under which the Board of Directors may from time to time grant to directors, senior officers, consultants and employees share units and options to acquire common shares, exercisable for a period of up to ten years from the date of grant. The security based compensation plan provides that the maximum number of common shares in the capital of the Company that may be reserved for issuance for all purposes under the security based compensation plan shall not exceed 4,184,814 common shares of which 2,510,889 is reserved for stock options and 1,673,925 is allotted for other share compensation arrangements. The maximum number of common shares that may be reserved for issuance to any individual insider pursuant to security based compensation may not exceed 5% of the common shares issued and outstanding at the time of grant, and the number of common shares that may be reserved for issuance to all technical consultants pursuant to security based compensation may not exceed 2% of the common shares issued and outstanding at the time of grant. Security based compensation become exercisable as long as the optionee holds office or continues to be employed by the Company and 90 days following the cessation of an optionee's position with the Company.

(b) Stock options

During the 3 months ended January 31, 2022, 41,500 stock options with an exercise price of \$1.85 expired unexercised.

During the year ended October 31, 2021, the Company had the following stock option activities:

On December 30, 2020, the Company granted an aggregate of 1,521,500 incentive options to purchase common shares of the Company to certain directors, officers, and consultants of the Company. The options are exercisable at a price of \$1.35 per common share for 5 years from the date of grant. The options have vesting terms of 25% every 6 months.

On May 10, 2021, the Company granted an aggregate of 600,000 incentive options to purchase common shares of the Company to certain directors of the Company. The options are exercisable at a price of \$1.60 per common share for 5 years from the date of grant. The options have vesting terms of 25% every 6 months.

During the year ended October 31, 2021, 70,000 stock options with an exercise price of \$2.40 expired unexercised on May 31, 2021 and 55,000 stock options with an exercise price of \$3.45 expired unexercised on September 2, 2021.

During the year ended October 31, 2021, 233,500 stock options were forfeited by a Director who resigned from the Board. The vested options with a value of \$153,567 were reallocated from reserves to deficit.

A continuity schedule of the Company's outstanding stock options under the stock option plan is as follows:

	Number Outstanding	Weighted Average Exercise Price
At October 31, 2020	482,500	\$1.97
Granted	2,121,500	\$1.42
Expired	(125,000)	\$2.86
Forfeited	(233,500)	\$1.55
At October 31, 2021	2,245,500	\$1.44
Expired	(41,500)	\$1.85
At January 31, 2022	2,204,000	\$1.43

PROSPER GOLD CORP.

Notes to the Financial Statements

For the years ended October 31, 2021 and 2020

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9. Share based payments and warrants (continued)

(b) Stock options (continued)

As at January 31, 2022, the Company had the following share purchase options outstanding and exercisable:

Expiry Date	Exercise Price	Options Outstanding	Fair Value at Grant Date	Remaining Contractual Life (yrs)	Options Exercisable
March 5, 2023	\$ 1.50	65,000	\$ 1.20	1.09	65,000
December 17, 2023	\$ 1.50	157,500	\$ 1.05	1.88	157,500
December 30, 2025	\$ 1.35	1,381,500	\$ 1.41	3.92	690,750
May 10, 2026	\$ 1.60	600,000	\$ 1.51	4.28	150,000
		2,204,000	\$ 1.40	3.79	1,063,250

As at October 31, 2021, the Company had the following share purchase options outstanding and exercisable:

Expiry Date	Exercise Price	Options Outstanding	Fair Value at Grant Date	Remaining Contractual Life (yrs)	Options Exercisable
January 23, 2022	\$ 2.00	41,500	\$ 1.85	0.23	41,500
March 5, 2023	\$ 1.50	65,000	\$ 1.20	1.34	65,000
December 17, 2023	\$ 1.50	157,500	\$ 1.05	2.13	157,500
December 30, 2025	\$ 1.35	1,381,500	\$ 1.41	4.17	345,375
May 10, 2026	\$ 1.60	600,000	\$ 1.51	4.53	-
		2,245,500	\$ 1.41	3.97	609,375

The total fair value of the incentive options and broker warrants were calculated using the Black-Scholes option pricing model with the following weighted average assumptions and inputs:

	January 31, 2022	October 31, 2021
Risk-free interest rate	0.63%	0.64%
Expected volatility	168%	155%
Expected life	4.93 years	4.37 years
Expected dividend yield	-	-
Share price	\$ 1.45	\$ 1.40
Exercise price	\$ 1.42	\$ 1.35
Expected forfeitures	0.00%	0.00%

Expected stock price volatility was derived from historical movements in the closing prices of the Company's stock for a length of time equal to the expected life of the options. Companies are required to utilize an estimated forfeiture rate when calculating the expense for the reporting period. Based on the best estimate, management applied the estimated forfeiture rate of 0.00% in determining the expense recorded in the accompanying statements of comprehensive loss.

The fair value of the incentive options during the period ended January 31, 2022 of \$313,950 (January 31, 2021 - \$205,869) was recognized as share-based payments. The balance consists of \$336,678 (January 31, 2021 - \$185,865) to directors and officers, and recovery of \$22,728 (January 31, 2021 - \$20,004) to consultants.

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9. Share based payments and warrants (continued)

(c) Restricted share units

On May 10, 2021, the Company issued 1,513,000 restricted share units ("RSUs") to certain officers, employees and consultants of the Company. The RSUs are payable in common shares of the Company or the cash equivalents at the option of the Company, on the redemption date, being 3 years from the date of grant. These RSUs vest in three equal instalments over 3 years. Prior to the end of the 2021 fiscal year, 25,000 restricted share units were cancelled due to the departure of an employee. As at January 31, 2022 and October 31, 2021, there were 1,488,000 RSUs outstanding, of which nil are vested.

The fair value of the RSUs recognized as share-based payments during the period ended January 31, 2022 equals \$320,771 (January 31, 2021 - \$Nil). The balance consists of \$321,900 (January 31, 2021 - \$Nil) to directors and officers and a recovery of \$1,129 (January 31, 2021 - \$Nil) to consultants.

(d) Warrants

On December 22, 2020, the Company issued 3,055,555 warrants exercisable at \$1.35 per warrant with an expiry date of 24 months in conjunction with the unit private placement. Broker warrants of 149,316 with an exercise price of \$1.35 and an expiry date of 24 months were also issued.

During the year ended October 31, 2021, 250,000 warrants with an exercise price of \$1.50 and 159,583 warrants with an exercise price of \$1.70 expired unexercised.

As at October 31, 2021, 3,157,310 of warrants with an average exercise price of \$0.85 were exercised for a gross proceed of \$2,674,409 and 156,254 broker warrants with an average exercise price of \$0.83 were exercised for proceeds of \$130,416.

A continuity schedule of the Company's outstanding warrants is as follows:

	Number Outstanding	Weighted Average Exercise Price
At October 31, 2020	8,062,891	\$0.87
Expired	(409,583)	\$1.58
Issued – warrants for private placement	3,055,555	\$1.35
Issued – broker warrants	149,316	\$1.35
Exercised	(3,313,564)	\$0.85
At October 31, 2021 and January 31, 2022	7,544,615	\$1.05

As at October 31, 2021 and January 31, 2022, the Company had the following warrants outstanding and exercisable:

Expiry Date	Exercise Price	Warrants Outstanding	Remaining Contractual Life (yrs)	
			January 31, 2022	October 31, 2021
October 14, 2022	\$0.85	4,521,135	0.71	0.96
December 22, 2022	\$1.35	3,023,480	0.90	1.15
		7,544,615	0.78	1.03

10. Financial instruments

The Company's financial instruments consist of cash and cash equivalents, amounts receivable (other than GST receivable), marketable securities, deposit, reclamation deposits, accounts payable and accrued liabilities and loan payable.

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10. Financial instruments (continued)

The fair values of the Company's cash and cash equivalents, amounts receivable (other than GST receivable), marketable securities, deposit and accounts payable and accrued liabilities approximate their carrying amounts due to the short-term maturities of these instruments.

These are classified as level 1 financial instruments. The Company's loan payable is classified as a level 2 financial instrument.

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

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company considers its exposure to credit risk to be low, as its cash and cash equivalents, deposit and reclamation deposit are deposited with a large financial institution with a strong credit rating. Amounts receivable consists of GST receivable and credits on vendor payable balances.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet obligations associated with its financial instruments. The Company manages liquidity risk by maintaining adequate cash and managing its capital. At January 31, 2022, the Company had accounts payable and accrued liabilities of \$217,213 (October 31, 2021 - \$718,627) due within one year, and cash of \$2,130,978 (cash and cash equivalents at October 31, 2021 - \$3,636,299). The cash equivalents consist of cashable term deposits of \$3,008,333 with interest rate at 0.48% and maturity dates of November 18, November 24 and December 16, 2021.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Floating interest earned on the Company's cash balances are considered to be at market interest rates. The deposit of \$7,962 (October 31, 2021 - \$66,259) earns no interest and is deposited with a major bank for the Company's corporate credit card. Assuming that all variables remain constant, a change representing a 1% increase or decrease in the interest rate would not have a significant effect for the Company.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities are denominated in foreign currency. At January 31, 2022, the Company's monetary assets and liabilities are primarily denominated in Canadian dollars.

There has been no change to the Company's approach to risk management during the period ended January 31, 2022.

11. Related party transactions and balances

The Company's related parties consist of its key management personnel, including its directors, and their close family members and entities controlled by key management personnel. During the periods ended January 31, 2022 and 2021, the Company had the following related party transactions:

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Notes to the Financial Statements

For the years ended October 31, 2021 and 2020

(Expressed in Canadian Dollars)

11. Related party transactions and balances (continued)

(a) Key management compensation for the periods ended January 31, 2022 and 2021 were as follows:

	Period ended January 31, 2022	Period ended January 31, 2021
Short-term benefits	\$ 206,615	\$ 327,215
Share-based payments	658,578	185,865
	\$ 865,193	\$ 513,080

Short-term benefits include \$124,885 for period ended January 31, 2022 (January 31, 2021 - \$250,212) in management fees, \$50,000 (January 31, 2021 - \$53,542) in geological exploration expenditures, \$31,730 (January 31, 2021 - \$23,461) for exploration salaries.

- (b) At January 31, 2022, accounts payable and accrued liabilities include \$Nil (October 31, 2021 - \$Nil) due to companies owned by directors and officers of the Company and \$39,838 (October 31, 2021 - \$55,907) due to officers of the Company. Interest is not charged on outstanding balances and there are no specified terms of repayment.
- (c) During the year ended October 31, 2021, the Company purchased a vehicle for \$25,000 from a company controlled by an officer of the Company.

12. Segmented information

The Company has one reportable operating segment in two geographical locations, being the exploration and development of the Star property in British Columbia, Canada and exploration and development of the Ontario Projects in Ontario, Canada.

13. Management of capital

The Company's capital includes all amounts attributable to its shareholders. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure that optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust its capital structure, the Company may issue additional shares or debt. The Company is dependent on the capital markets as its primary source of operating capital, and the Company's capital resources are largely determined by the strength of the junior resource markets.

The Company is not subject to any capital requirements imposed by regulators or other third parties.

At January 31, 2022, the Company had cash of \$2,130,978 and working capital of \$2,442,800. The Company will require additional capital to fund its total obligations under the Option Agreement to purchase the Ontario Projects and the Star Property (note 6) and general and administrative costs. However, there is no guarantee that such financing will be available to the Company or on suitable terms.

There were no changes in the Company's approach to capital management during the period ended January 31, 2022.

14. Subsequent events

- (a) The Company completed the acquisition of the 70% interest in the Golden Sidewalk Project by paying \$20,000 and issuing 800,000 common shares to Sabina (Note 6(a)).
- (b) The Company received \$140,000 from the Ministry of Northern Development, Mines, Natural Resources and Forestry under an Ontario Transfer Payment Agreement (Note 6(a)).