

**PROSPER GOLD CORP.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE MONTHS ENDED JANUARY 31, 2022**

**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 period ended January 31, 2022 is derived from, and should be read in conjunction with, Prosper Gold's unaudited condensed interim financial statements for the period ended January 31, 2022, as publicly filed on SEDAR at [www.sedar.com](http://www.sedar.com).

The Company prepared the unaudited condensed interim financial statements and note disclosures for the period ended January 31, 2022 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 condensed interim 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 guarantee 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 10 of this MD&A.

This MD&A has been prepared using information as of March 25, 2022 and approved by the Board on March 25, 2022.

**1.2 BUSINESS OVERVIEW**

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

## **PROJECTS**

### **Golden Sidewalk**

In August 2020, Prosper Gold optioned, staked, and purchased over 16,000 hectares of mineral claims and leases in Red Lake, Ontario, which comprise the Golden Sidewalk Project.

Gold was first discovered on the 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 (3.35 m) 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.

The most recent historical diamond drilling took place in 2008 where twenty-three holes totaling 2,472 m were drilled by Sabina Gold & Silver Corp. 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 m 420 m west of the Bathurst Mine.

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 5 km wide by 3 km long concentrated along a regional unconformity. More detailed till sampling and a reconnaissance induced polarization (“IP”) survey were recommended to define follow-up drill targets.

After completion of geophysical, geological and geochemical surveys in the fiscal 2020 and 2021 periods, the Company has outlined a large, highly prospective target now named the Golden Corridor. The target area is defined as a west-northwest to west-trending structural corridor in proximity to a regional-scale fault that is also an unconformable contact between two lithologic assemblages. The Golden Corridor exhibits favourable multi-parameter geophysical signatures and is supported by a 7,000 m by 500 m pristine gold grain-in-till anomaly. Given the prospectivity and potential for a large gold system, the Golden Corridor is now the Company’s primary focus of exploration at the Golden Sidewalk Project.

The Company announced the commencement of diamond drilling at the Golden Corridor on May 25<sup>th</sup>, 2021. The proposed 10,000 metre Phase 1 diamond drilling, which was subsequently upgraded to a 15,000 metre program (see the company’s June 22<sup>nd</sup>, 2021 News Release), is

supported by a 20-person camp that was constructed by the Company on the Golden Sidewalk mineral claims approximately 5.5 kilometres northwest of the Golden Corridor proposed drill site locations.

Phase 2 diamond drilling, following up on high priority targets at the Golden Corridor identified in Phase 1, commenced in late October, 2021 and is ongoing. Drilling now totals 26,503.5 metres in 84 diamond drill holes. Highlights of the drilling that have been reported publicly to date include 0.8 metres grading 7.81 g/t gold in drill hole DD21GC035 and 0.55 metres grading 22.7 g/t gold in drill hole DD21GC039. Refer to the Company's January 17<sup>th</sup>, 2022 News Release.

Between May and October of 2021, sampling crews collected 311 till samples along the Golden Corridor and covering other regional conceptual exploration targets. The last of the pending results of 2021 till sampling were received by the Company in late January 2022, which have outlined a second area of anomalous gold grain-in-till counts at the Skinner North target area with samples containing up to 1,014 gold grains. The high gold grain counts in samples from the Skinner North target area will be followed up on in early summer, 2022.

Prosper Gold exercised its option to acquire a 70% interest in the Golden Sidewalk property and the Skinner Property (see the Company's February 7<sup>th</sup>, 2022 News Release). In order to acquire the 70% interest in the properties, the Company issued an aggregate 900,000 common shares, paid an aggregate of \$40,000 in cash and incurred an aggregate of \$2,600,000 in expenditures on the properties.

The Option Agreement (See the company's August 10<sup>th</sup>, 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. 2.0% NSR will be retained by the optionor and the Company can elect to purchase 1.0% of the NSR by payment of \$1,000,000. The Company is working with Sabina and other relevant stakeholders to acquire the additional 30% interest as soon as practicable.

## **ONTARIO PROJECTS**

### **Wydee & Galahad, Matachewan**

In 2016, Prosper Gold 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. The Wydee and Matachewan properties were both subject to the 2016 agreement. In February 2021, the Company withdrew from the option agreement. Prosper Gold still holds a 100% interest in 13 mineral claims and 9 mineral leases (the Galahad) contiguous to the ground previously under option.

The Company received 60,000 common shares of Canada Nickel Company Inc. ("CNC") on January 12<sup>th</sup>, 2022, in consideration for the sale of 43 mineral claims from the Company's Wydee claim block. The purchase and sale of the mineral claims is further subject to a 2.0% Net Smelter

Returns royalty to be granted to Prosper Gold of which one half (1.0%) can be purchased by CNC at any time during the entirety of the life of the royalty.

No exploration activities were completed at the Matachewan, Wydee or Galahad projects for the period ended January 31, 2022.

### **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 Otso Gold Corp. (formerly Firesteel Resources Inc.).

No exploration activities were completed at the Star Project for the period ended January 31, 2022.

### **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 January 31, 2022:

Quarter ended	Total revenue	Net loss and comprehensive loss	Net loss per share (basic and diluted)	Total assets
	\$	\$	\$	\$
Q1/22 – January 31, 2022	-	(1,927,117)	(0.08)	4,142,482
Q4/21 – October 31, 2021	-	(3,688,355)	(0.16)	5,936,293
Q3/21 – July 31, 2021	-	(2,840,654)	(0.13)	7,462,984
Q2/21 – April 30, 2021	-	(1,232,070)	(0.06)	8,614,516
Q1/21 – January 31, 2021	-	(912,314)	(0.06)	8,493,006
Q4/20 – October 31, 2020	-	(550,629)	(0.06)	3,556,537
Q3/20 – July 31, 2020	-	(110,558)	(0.01)	995,482
Q2/20 – April 30, 2020	-	(233,796)	(0.03)	1,042,813

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

The net loss increased in the last quarter of 2020 due to the commencement of work for the Golden Sidewalk Project and the impairment of the Matachewan and Wydee mineral property costs. The increase in total assets is due to the increase in cash from the private placement of \$3,020,001 that was completed in October 2020.

The net loss increased in the first quarter of 2021 due to the increase for general and administration expenses which include an increase in advertising and promotion of the Company; increase for management salaries and fees for salaries paid to the CEO and COO and fees accrued to the CFO; and an increase for share-based payment expenses due to 1,521,500 stock option granted in December 2020 and 600,000 stock options granted in May 2021.

The Company's total assets increased in the first quarter of 2021 due to the completion of a private placement for 6,111,111 units for a proceed of \$5,500,000.

During the second quarter of 2021, the Company commenced geophysical survey work. This resulted in the increase in expenditures for exploration compared to the previous quarter. In addition, the increase in net loss in the second quarter of 2021 is due to the share-based payment expense recorded for the 1,521,500 of stock options grant and an increase in promotion expenses included in general and administrative expenses.

The total assets increased in the second quarter of 2021 due to the increase in cash for the exercise of warrants, the increase in prepaid expenses for prepaid rent for the new office lease, the increase in deposit for the Company's prepaid credit card balance and the acquisition of office computers, vehicles and camp equipment.

During the third quarter of 2021, the Company continued with the Golden Sidewalk project with the drilling program which resulted in an increase in exploration expenses of \$1,409,933 compared the second quarter of 2021. During the third quarter, the Company granted 600,000 stock options and issued 1,513,000 restricted share units resulting in an increase in share-based payment expense of \$311,578 compared to the second quarter of 2021.

The total assets decreased in the third quarter due to the increase in expenses incurred for the exploration program and general operation expenses, offset by the cash proceeds from the exercise of warrants.

In the last quarter of 2021, the Company incurred \$2,581,519 for exploration expenses, an increase of \$849,412 and an increase of \$29,205 for management fees compared to the third quarter of 2021 and the increase in share-based payment for \$1,606,370 due to adjustment to the fair value of the restricted share units and vesting of stock options compared to the previous quarter. The increase is netted against the decrease in professional fees, transfer agent fees and general and administrative expenses.

In the first quarter of the 2022 fiscal year, the net loss is due to the continuation of exploration activities on the Golden Sidewalk Project totaled \$1,178,560 and the recording of the fair value of \$634,720 for stock options and restricted share units granted in the prior quarters. The Company also received a grant of \$60,000 from the Ministry of Northern Development, Mines, Natural Resources and Forestry under an Ontario Transfer Payment Agreement which has been applied against exploration expenditures for the period. In addition, the Company sold 43 claims to the Wydee Property to Canadian Nickel Company Inc. ("CNC") in exchange for 60,000 common

shares of CNC with a fair value of \$205,200. The claims were previously written off and the gain of \$205,200 has been recognized during this quarter.

## 1.5 RESULTS OF OPERATIONS

The Company recorded a net loss and comprehensive loss of \$1,927,117 and \$912,312 for the three-month periods ended January 31, 2022 and January 31, 2021 respectively. The increase in net loss totaled \$1,014,805 is due to the increase in exploration expenses of \$897,893; decrease of \$33,728 for general and administration expense; decrease of \$125,327 for management salaries and fees; increase of \$3,189 for professional fees; an increase of \$428,851 for share-based payment expenses; an increase of \$13,537 for transfer agent, listing and filing fees and an increase of interest income of \$1,310. The Company also recorded a gain on sale of mineral properties of \$205,200 and an unrealized loss of marketable securities of \$36,900 during the 3 months ended January 31, 2022 compared to \$Nil for the 3 months ended January 31, 2021.

The following table provides a breakdown of exploration expenditures on the Ontario Projects incurred during the 3 months ended January 31, 2022:

	<b>3 months ended January 31, 2022</b>	<b>Accumulated-to-date – January 31, 2022</b>
Airborne survey	\$ -	\$ 539,543
Assay and analysis	115,620	1,067,818
Camp accommodations	41,405	546,203
Drilling	591,720	4,686,717
Equipment rentals	12,641	120,464
Field costs	109,849	782,191
Geological	87,361	1,273,232
Property rentals	53,623	286,646
Salaries and benefits	178,231	1,628,786
Staking and mining rent	347	62,633
Transportation and freight	15,021	173,031
Travel and accommodations	32,742	241,317
<b>Total</b>	<b>\$ 1,238,560</b>	<b>\$ 11,408,581</b>

The Company began exploration on the Ontario Projects during May 2016. Airborne survey and soil sampling were completed in July 2016 and the drilling program began shortly thereafter. Field costs include camp construction and camp fuel, rental costs for accommodations for camp personnel, camp food and supplies and repair and maintenance of camp equipment. Geological costs include fees paid to geological consultants and geophysics reports. 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 staff and management personnel to travel to camp.

During the 3 months ended January 31, 2022, the Company continued to incur costs for work on the Golden Sidewalk property as part of the Ontario Projects with the cost of drilling totaling \$591,720, salaries and benefits of \$178,231 and assay cost of \$115,620.

There were minimal exploration expenditures for the Star Property for the period ended January 31, 2022 due to no drilling programs conducted during the period. The expenditures for the period ended January 31, 2022 consist of \$600 for storage of equipment.

The following table provides a breakdown of general administration costs incurred during the 3 months ended January 31, 2022 and 2021:

<b>General administration costs:</b>	<b>3 months period ended January 31, 2022</b>	3 months period ended January 31, 2021
General and administrative	\$ 115,656	\$ 149,384
Management salaries and fees	124,885	250,212
Professional fees	25,351	22,162
Transfer agent, listing and filing fees	17,040	3,503
	<b>\$ 282,932</b>	<b>\$ 425,261</b>

The decrease in general and administrative expenses for the 3 months ended January 31, 2022 compared to January 31, 2021 of \$33,728 is mainly due the decrease in promotion and marketing expenses of \$34,288.

Management salaries and fees decreased by \$125,327 for the 3 months ended January 31, 2022 compared to the same period in 2021 due to the decrease in salaries paid to the CEO. During the first quarter of 2021, the Company paid the CEO \$200,000 for his salary for the 2020 calendar year.

The increase in professional fees of \$3,189 is due to an increase in audit fees for the 2021 fiscal year.

The increase in transfer agent, listing and filing fees is due to the expenses incurred for the Company listing with the OTCQX in the US.

## **1.6 LIQUIDITY**

The Company's main source of funding has been the issuance of equity securities for cash through private placements. There were no private placement and exercise of warrants during the first quarter of 2022. During the quarter, the Company received a grant of \$60,000 from the Ministry of Northern Development, Mines, Natural Resources and Forestry under an Ontario Transfer Payment Agreement.

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 3 months ended January 31, 2022, cash flow used for operating activities was \$1,501,046 mainly due to exploration costs for the Ontario Projects, general and administrative

costs including salaries and marketing. Management has estimated that the Company will continue to incur expenditures of \$700,000 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 January 31, 2022, the Company had cash of \$2,130,978 which will be sufficient to meet current liabilities of \$217,213 due within one year. The working capital of the Company at January 31, 2022 is \$2,442,800.

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.

Although the Company was able to successfully complete the private placement 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**

At January 31, 2022, 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 \$3,885,269 and loan payable of \$40,000 as at January 31, 2022, compared to \$5,177,666 in shareholders' equity and \$40,000 of loan payable as at October 31, 2021. The decrease is due to the net loss of \$1,927,117 offset by the recording of \$634,720 in 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 \$206,615 and share-based payments totaled \$336,678 for stock options benefit and \$321,900 for restricted share units for the 3 months ended January 31, 2022.



- b) At January 31, 2022, accounts payable and accrued liabilities include \$39,692 due to the CEO, CFO and COO for accrued salary and fees and \$146 for expense reimbursements.

#### **1.10 FOURTH QUARTER**

Not applicable for this quarter.

#### **1.11 PROPOSED TRANSACTIONS**

There are no proposed transactions currently in progress for the Company.

#### **1.12 CRITICAL ACCOUNTING ESTIMATES**

There have been no changes in critical accounting estimates for the 3 months period ended January 31, 2022.

Refer to Note 2 of the audited financial statements for the year ended October 31, 2021.

#### **1.13 CHANGES IN ACCOUNTING POLICIES**

There have been no changes in accounting policies for the 3 months ended January 31, 2022 for the Company.

#### **1.14 FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

The Company's financial instruments consist of cash and cash equivalents, amounts receivable other than GST receivable, marketable securities, deposit, reclamation deposit, accounts payable and accrued liabilities and loan payable. The fair values of the Company's cash and cash equivalents, 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 marketable securities are valued at market value.

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 and cash equivalents, deposit and its reclamation deposits 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 January 31, 2022, the Company had accounts payable and accrued liabilities of \$217,213 due within one year, and cash of \$2,130,978.

Floating interest earned on the Company's cash balances are considered to be at market interest rates. The deposit earns no interest and was held as a deposit for the Company's corporate credit card. The reclamation deposit earns interest of 0.10%. 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 January 31, 2022, the Company's monetary assets and liabilities are primarily denominated in Canadian dollars.

## 1.15 OTHER MD&A REQUIREMENTS

### a) Disclosure of Outstanding Share Data

At the date of this MD&A	<b>Number Outstanding</b>
Common Shares	23,996,476
Stock Options	2,204,000
Restricted Share Units	1,488,000
Warrants	7,544,615

### 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.

## 1.16 RISK FACTORS

The risk factors associated with the principal business of the Company are outlined in the Company's MD&A for the year ended October 31, 2021. 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.

### **COVID-19**

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 consumer 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.

### **Russia-Ukraine Crisis**

Russia's invasion of Ukraine has injected a new uncertainty into the global economy, the impact of which is difficult to predict, as its outcome and longevity are unknown. With rising oil and commodity prices, the developing situation remains fluid, and the impact on Canadian consumer confidence in the face of a potentially significant inflationary threat is difficult to assess at this time.