

PROSPER GOLD CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED JANUARY 31, 2017

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 three months ended January 31, 2017 is derived from, and should be read in conjunction with, Prosper Gold's unaudited condensed interim financial statements for the period ended January 31, 2017, as publicly filed on Sedar at www.sedar.com.

The Company prepared the unaudited condensed interim financial statements and note disclosures for the period ended January 31, 2017 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 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 March 28, 2017 and approved by the Board on March 28, 2017.

1.2 BUSINESS OVERVIEW

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

The Company is focused on the Ashley Gold Project in East Central Ontario and the Star Porphyry Copper Gold Project in northwestern BC.

PROJECTS

ASHLEY GOLD PROJECT

In 2016 Prosper entered into two definitive agreements to acquire options to earn a 100% interest in the high grade Ashley Gold Mine and 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.

TECHNICAL PROGRAM

Airborne Survey: CGG Multi-Physics conducted a comprehensive program of airborne geophysical surveys at both the Ashley Gold and Matachewan Projects.

Using a variety of proprietary world leading technologies, CGG deployed their HeliFalcon® Airborne Gravity Gradiometer, Dighem® Frequency Domain Electromagnetics, and Midas® Ultra High Resolution Gradient Magnetic systems combined with Radiometrics; as well as Quantec Geoscience's ground based MT stations. This multi-parameter approach provided Prosper Gold with a detailed property scale geophysical coverage over a 98 square kilometer area to assist in drill target selection.

Airborne surveys were completed in early August 2016 and preliminary magnetic, resistivity and gravity results were received. Interpretation of the airborne results has been scrutinized and used in drill targeting for structural definition and stratigraphic refinement. Magnetic and resistivity data from the airborne survey reveal a powerful WNW trending fabric thought to reflect the northwest continuity of the Cadillac Larder Lake break.

Soil Geochemical Survey: Four soil grids were completed covering areas where gold vein mineralization is known at surface, where preserved syenite intrusives are exposed, and where thorough OGS till sampling in 1997 returned anomalous gold-in-till targets with high gold grain counts.

The soil grids cover the Ashley Mine, Garvey and Garvey west vein systems, and extend south to cover the Galer Fault. A second grid covers the Argyle, Sunisloe and McGill showings, an area thought to be underlain by syenite. Grid three covers the Argyle Lake, Ezra, and McCallum gold

vein showings within a syenite plug. The Powell Lake area is the focus for the largest soil grid with about 3300 samples covering a 15 square km area.

Soils from the B-horizon were collected from 6,128 locations in three grids with 50m sample spacing on lines 100 m apart. Analytical results have been received for all. The new soil results reveal a strong gold-tellurium-bismuth-in-soil anomaly over the Ashley Mine which extends northward and defines a new untested, north trending, multi-element soil anomaly 1750 m long and 300 to 800 m wide.

Drilling: Phase 1 of drilling commenced at the Ashley Gold Project during the first week of September, 2016. 8,715 meters of diamond drilling targeted the Ashley-Garvey vein system near the historic Ashley Gold Mine. Drilling tested the hangingwall, footwall, down-dip and northward and southward on-strike continuity of the Ashley and Garvey veins and newly discovered gold-in-soil anomalies. A substantial quartz feldspar porphyry-quartz syenite discovered west of the vein systems requires further drill testing.

Phase 2 drilling will target the recently discovered Ashley breaks adjacent to the Ashley Mine, a Kirkland Lake style gold target. Drilling will also test the Galahad, a Young-Davidson style target, for structurally controlled gold in the Galer Fault as well as the Powell Lake Syenite. A total of 10,000m is planned and will begin the first week of April 2017.

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 selected financial information for the Company's most recent eight quarters ended January 31, 2017:

Quarter ended		Total revenue	Net income (loss) and comprehensive loss	Net earnings (loss) per share (basic and diluted)	Total assets
		\$	\$	\$	\$
Q1/17	January 31, 2017	-	(935,399)	(0.019)	3,058,459
Q4/16	October 31, 2016	-	(963,024)	(0.022)	2,478,458
Q3/16	July 31, 2016	-	(827,464)	(0.023)	2,450,430
Q2/16	April 30, 2016	-	(114,011)	(0.003)	1,523,243
Q1/16	January 31, 2016	-	3,894	0.0001	1,034,255
Q4/15	October 31, 2015	-	(99,864)	(0.003)	1,021,364

Q3/15	July 31, 2015	-	49,449	0.002 & 0.001	1,115,418
Q2/15	April 30, 2015	-	220,012	0.007 & 0.005	1,322,003

During the quarter ended April 30, 2015, the Company received \$545,880 of BCMETC and the amount has been offset against exploration expenditures. This resulted in the Company's net income of \$220,012 for the three months ended April 30, 2015 and net earnings per share of \$0.01.

During the quarter ended July 31, 2015, the Company reversed accrued management fees of \$307,738 to conserve cash as approved by the Board resulting in a decrease of \$395,321 in management fee expenses for the year ended October 31, 2015.

In addition, on May 14, 2015, the Company re-priced certain outstanding stock options to \$0.20. This re-pricing resulted in an increase of the fair value of the stock options held by directors, officers, employees and selected consultants.

During the quarter ended October 31, 2015, the Company recorded miscellaneous income from rental of equipment of \$2,500 which is included in the loss of \$99,864.

During the quarter ended January 31, 2016, the Company net income is a result of miscellaneous income from the sale of camp supplies and rental of equipment to a third party for \$72,000.

The increase in net loss for the quarter ended April 30, 2016 is due to the increase in promotion activities to attract investors for the Company's private placement which was closed on March 24, 2016.

The increase in total assets for the second quarter of 2016 is attributable to the proceeds raised by the Company's private placement.

The increase in net loss for the third quarter ended July 31, 2016 is due to the exploration activities in the Ashley Project in Ontario.

The increase in total assets at July 31, 2016 compared to April 30, 2016 is due to the completion of the first tranche of the Company's private placement for \$1,000,000 announced on June 13, 2016.

The increase in total assets in the last quarter compared to the third quarter is due to the cash received from closing of last tranche of the private placement on August 5, 2016 that was announced in June 2016. The offset of the increase of cash is due to the payment for expenditures in the exploration activities of the Ashley Mine Project.

The increase in the net loss is due to the increase in expenditures incurred from the implementation of the drilling program at the Ashley Gold Project.

The increase in total assets in the first quarter of 2017 compared to the previous quarter is due to the closing of the flow-through share private placement for net proceeds of \$1,528,390. The

proceeds were used to continue the exploration work on the Ashley Gold Project which resulted in a net loss for the period of \$935,399.

1.5 RESULTS OF OPERATIONS

The Company recorded a net loss and comprehensive loss of \$935,399 for the period ended January 31, 2017 and a net income of \$3,894 for the period ended January 31, 2016. The increase in net loss in the current fiscal period is due to the Company's exploration activities on the Ashley Gold Project which began at the end of May 2016. The Company also raise gross proceeds of \$1,670,325 from a flow-through private placement during the period to fund the Ashley Gold Property's drilling program and general operating costs. For the period ended January 31, 2016, the Company did not complete a private placement and had minimal exploration activities. The Company had a net income for the period from the sale of camp supplies and rental of equipment to an unrelated party. The Company granted 521,000 stock options on January 23, 2017 to directors, officer, employee and consultants and the fair value of the option expense to January 31, 2017 have been accrued and included in the share-based payment expense.

The following table provides a breakdown of exploration expenditures on the Ashley Gold Project incurred during the year period January 31, 2017:

	Period ended January 31, 2017	Accumulated-to-date - January 31, 2017
Airborne survey	\$ -	\$ 395,500
Assay and analysis	96,423	289,883
Drilling	341,093	603,348
Field costs	196,024	544,735
Geological	36,830	151,198
Transportation and freight	4,962	14,804
Travel and accommodations	8,823	45,572
Total	\$ 684,155	\$ 2,045,040

The Company began exploration on the Ashley Gold Project during at the May 2016. The airborne survey and soil sampling was completed in July and the drilling program began shortly after. 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 are minimal exploration expenditures for the Star Property for the periods ended January 31, 2017 and 2016 due to no drilling programs conducted during both periods. The expenditures for period ended January 31, 2017 consist of \$1,050 for storage fees of equipment and \$5,088 for the period ended January 31, 2016 for repairs of field equipment and insurance and

storage costs of camp equipment. The expense for the period ended January 31, 2016 was offset by \$72,000 for cost recovery from rental of equipment and sale of camp supplies.

The following table provides a breakdown of general administration costs incurred during the periods ended January 31, 2017 and 2016:

General administration costs:	Period ended January 31, 2017	Period ended January 31, 2016
General administrative	\$ 47,893	\$ 45,997
Management salaries and fees	105,841	-
Professional fees	11,810	4,511
Transfer agent, listing and filing fees	3,540	3,724
	\$ 169,084	\$ 54,232

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

Management salaries and fees consist of salary to the Chief Operating Office starting in June 2016 and management fees to the Chief Executive Officer and Chief Financial Officer. The management salaries and fees for the period January 31, 2016 were nil due to management's decision to suspend payment of management fees to conserve cash.

Professional fees consist of audit fees and legal fees and the increase is attributed to the increase in audit fees and services for the 2016 fiscal year.

1.6 LIQUIDITY

The Company's main source of funding has been the issuance of equity securities for cash through private placements. The Company's continuing operations is dependent on the ability of the Company to obtain the necessary financing to continue to explore the Ashley Project and 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 period ended January 31, 2017, cash flow used by operating activities was \$805,487 mainly due to exploration costs for the Ashley Gold Project, and general and administrative costs including salaries. It is expected that the Company will continue to incur a burn rate of \$250,000 per month for the upcoming months with the Company's drilling program in effect in April 2017.

At January 31, 2017, the Company had cash of \$1,998,113 which will be sufficient to meet current liabilities of \$223,515 due within one year. The working capital of the Company at January 31, 2017 is \$1,915,618.

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, or on terms suitable to the Company.

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

1.7 CAPITAL RESOURCES

At January 31, 2017, there were no externally imposed capital requirements to which the Company is subject and with which the Company has not complied.

On November 1, 2016, the Company closed the private placement for 4,772,357 flow-through units at \$0.35 for gross proceeds of \$1,670,325. The Company incurred \$141,935 in cash share issue costs and issued 286,341 compensation warrants with an exercise price of \$0.55 and an expiry of 3 years from the closing date of November 1, 2016. The fair value of the warrant is \$42,837.

The Company's capital consists of items in shareholders' equity of \$2,834,944 as at January 31, 2017 compared to \$2,160,598 as at October 31, 2016. The increase is due to the net proceeds of \$1,528,390 from the private placement and the recording of the fair value of share based payments for stock options of \$81,355 offset by the net loss of \$935,399 for the period ended January 31, 2017.

1.8 OFF-BALANCE SHEET ARRANGEMENTS

None.

1.9 TRANSACTIONS BETWEEN RELATED PARTIES

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

- a) Key management compensation expense was \$126,091 and share-based payments totaled \$73,931 for the period ended January 31, 2017.
- b) During the period ended January 31, 2017, the Company paid \$3,750 for rental of office and equipment and services to a company owned by a director and officer.
- c) At January 31, 2017, accounts payable and accrued liabilities include \$137,500 due to companies owned by directors and officers of the Company and \$52,262 due to officers of the Company.

1.10 PROPOSED TRANSACTIONS

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

1.11 CRITICAL ACCOUNTING ESTIMATES

There have been no changes in critical accounting estimates for the period ended January 31, 2017. Refer to Note 4 of the audited financial statements for the year ended October 31, 2016.

1.12 CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies for the period ended January 31, 2017 for the Company.

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

Accounting standards effective November 1, 2017

Disclosure Initiative (Amendments to IAS 7 *Statement of Cash Flows*)

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The Company is currently assessing the impact of the amendments to IAS 7 on the Company's financial statements.

Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12 *Income Taxes*)

The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value.

The Company is currently assessing the impact of the amendments to IAS 12 on the Company's financial statements.

Accounting standard effective November 1, 2018

IFRS 9 *Financial Instruments* addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 *Financial Instruments: Recognition and Measurement* that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statement of loss, unless this creates an accounting mismatch. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Early adoption will continue to be permitted.

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

Accounting standard effective November 1, 2019

IFRS 16 *Leases*

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

The main features of the new standard are as follows:

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

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

Earlier application permitted for entities that also apply IFRS 15 *Revenue from Contracts with Customers*.

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

1.13 FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

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

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

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

The Company manages liquidity risk by maintaining adequate cash and managing its capital. At January 31, 2017, the Company had accounts payable and accrued liabilities of \$223,515 due within one year, and cash of \$1,998,113.

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 and the reclamation deposit earns interest at 0.50%. 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, 2017, the Company's monetary assets and liabilities are primarily denominated in Canadian dollars.

1.14 OTHER MD&A REQUIREMENTS

a) Disclosure of Outstanding Share Data

At the date of this MD&A	Number Outstanding
Common Shares	48,922,249
Stock Options	4,892,104
Warrants	16,121,194

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, 2016. 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.