



## **Management Discussion and Analysis (“MD&A”) for the year ended November 30, 2017**

The following discussion and analysis of the operations, results, and financial position of Osprey Gold Development Ltd. (“the Company” or “Osprey”) for the year ended November 30, 2017 should be read in conjunction with the Company’s audited financial statements for the year ended November 30, 2017. The effective date of this report is March 19, 2018. All figures are presented in Canadian dollars, unless otherwise indicated.

### **COMPANY OVERVIEW**

Osprey was incorporated pursuant to the provisions of the *Business Corporations Act* (British Columbia) on April 8, 2010 under the name Gonzaga Resources Ltd. On June 2, 2011, the Company completed its Initial Public Offering (“IPO”). The Company changed its name to Osprey Gold Development Ltd., on February 24, 2017 and began trading under the symbol “OS” on the Toronto Stock Exchange’s Venture Exchange. On June 20, 2017, the Company also began trading on the United States OTCQB Venture Marketplace under the symbol “OSSPF”.

The Company is in the business of exploration and development of mineral resources in Canada. The Company:

- Holds an option, through its wholly-owned subsidiary Crosby Ltd. (“Crosby”), to acquire a 100% interest in the Goldenville Gold Project and certain other mineral properties in Nova Scotia.
- Holds an option to acquire a 100% interest in the past-producing Caribou Project in Nova Scotia.

### **HIGHLIGHTS FOR THE YEAR ENDED NOVEMBER 30, 2017 AND THE SUBSEQUENT PERIOD TO MARCH 19, 2018**

- On March 2, 2017 the Company acquired (the “Acquisition”) 100% of the issued and outstanding shares of Crosby in consideration for 5,840,000 common shares of the Company. Crosby’s main asset is the interest in and option rights to the Goldenville Gold Project located in Guysborough County, Nova Scotia (the “Goldenville Property”), along with three other gold properties in Nova Scotia. Upon completion of the Acquisition, Crosby has become a wholly owned subsidiary of the Company.
- On January 25, 2017, the Company granted 1,325,000 stock options to directors, officers, and consultants of the Company. Each option is exercisable at a price of \$0.30 for a period of five years.
- On March 2, 2017, the Company closed a non-brokered private placement of 7,200,000 units of Osprey at a price of \$0.25 per unit, for aggregate proceeds of \$1,800,000. Each unit consists of one common share and one half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of \$0.40 per share for a period of 18 months from date of issuance. The Company paid aggregate cash finders’ fees of \$90,480 and issued 361,920 finders’ warrants in connection with the private placement. Each finder’s warrant entitles the holder to acquire one common share of the Company at \$0.40 per share for 18 months from the date of closing.

- On March 19, 2017 the Company released the results of an updated gold resource estimate for the Goldenville project. This estimate has resulted in an inferred resource of 2.8 million tonnes at 3.20 grams per tonne gold for 288,000 ounces of gold (2.8 million tonnes at 4.96 g/t gold for 447,000 ounces of gold uncapped), a 60% increase in inferred ounces. Please refer to the news release dated March 19, 2017 for additional information.
- On April 28, 2017, the Company released an NI 43-101 compliant report entitled “NI 43-101 Independent Technical Report, Goldenville Project, Guysborough County, Nova Scotia”, highlighting the Goldenville project’s updated gold mineral resources. The report was prepared by Fladgate Exploration Consulting Corp.
- On June 26, 2017, the Company entered into a Letter of Intent (“LOI”) with John Logan Enterprises Ltd. (“Logan”), pursuant to which Osprey will be granted an option to acquire a 100% interest in 16 contiguous mining claims comprising the past-producing Caribou gold property in Nova Scotia, in exchange for consideration of aggregate cash payments of \$900,000 (\$200,000 deposit paid as at November 30, 2017) and minimum work expenditure commitments of \$300,000 over a three year period, and the issuance of 100,000 common shares (issued as at November 30, 2017, valued at \$20,000). Logan retains the right to a 3% Net Smelter Royalty (“NSR”) upon the commencement of commercial production; the Company is able to buy down up to 2% for a total of \$1,250,000. The Company entered into a definitive option agreement with Logan on August 15, 2017.
- On August 21 and 23, 2017, the Company closed the first and second tranches, respectively, of a non-brokered private placement of 1,502,000 units of Osprey at a price of \$0.25 per unit, for aggregate proceeds of \$375,500. Each unit consists of one common share and one half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of \$0.40 per share for a period of 18 months from date of issuance. The Company paid aggregate cash finders’ fees of \$13,800 and issued 55,200 finders’ warrants in connection with the private placement. Each finder’s warrant entitles the holder to acquire one common share of the Company at \$0.40 per share for 18 months from the date of closing.
- On February 7, 2018, the Company completed a non-brokered private placement, issuing 17,922,499 units at a price of \$0.075 per unit, for aggregate proceeds of \$1,344,187. Each unit consists of one common share and one share purchase warrant; each warrant entitles the holder to purchase one additional common share at a price of \$0.12 per share for a period of 24 months. The Company paid aggregate cash finders’ fees of \$69,887 and issued 931,822 finders’ warrants in connection with the private placement. Each finders’ warrant entitles the holder to acquire one common share of the Company at \$0.12 per share for 24 months.

#### **OTHER ACTIVITY FOR THE YEAR ENDED NOVEMBER 30, 2017 AND THE SUBSEQUENT PERIOD TO MARCH 19, 2018**

- On March 2, 2017, in connection with the Acquisition, the Company appointed Michael Cooper Quinn, sole director of Crosby, as President and a director of Osprey. The Company also announced that Robert Clemens has resigned from the Company’s board of directors.
- On February 24, 2017, the Company changed its name from Gonzaga Resources Ltd. to Osprey Gold Development Ltd.
- On March 27, 2017, the Company acquired 24 diamond drill hole cores from an exploration program carried out in 2014 by a former operator of the Goldenville Property. The drill hole cores had been stored in a secure facility by Maritime Diamond Drilling Ltd. since the conclusion of the drill program, and had never been logged in detail or sampled. The Company logged these holes in detail, and announced assay results on June 22, 2017 including Hole P4-14-04 which returned

multiple elevated intervals with elevated gold values, including 3.89 g/t gold over 7.05 metres.

- On April 17, 2017, Darren Devine resigned as Chief Financial Officer, Corporate Secretary, and Director; the Company thanks him for his service. Concurrently, the Company appointed Jasmine Lau as Chief Financial Officer and Corporate Secretary.
- On May 16, 2017, the Company appointed Perry MacKinnon as Vice President of Exploration.
- On May 23, 2017, the Company commenced a mapping and sampling program at the Goldenville Property.
- On June 6, 2017, the Company acquired historical diamond drilling and geophysical data sets for the Goldenville Property.
- On June 20, 2017, the Company completed a listing on the OTCQB Venture Marketplace, a United States trading platform, and began trading under the symbol "OSSPF".
- On September 21, 2017, the Company announced that it had completed its 2017 expanded drilling and resource development program, which commenced in July 2017, at the Goldenville and Mitchell Lake areas in Nova Scotia.
- On October 13, 2017, the Company amended the Goldenville Agreement whereby the first anniversary payment of \$250,000 originally due on October 14, 2017 would be paid in two instalments of \$125,000. The first instalment was paid on October 16, 2017 and the second instalment was paid on February 9, 2018.

## MINERAL PROPERTIES

a) **Acquisition Costs** - Details of mineral property balances are as follows:

	November 30, 2017	November 30, 2016
Kennedy River Project, BC, Canada	\$ -	\$ 13,521
Goldenville Project, Nova Scotia, Canada	2,090,957	-
Caribou Project, Nova Scotia, Canada	<u>220,000</u>	<u>-</u>
<b>Total</b>	<b>\$ 2,310,957</b>	<b>\$ 13,521</b>

## b) Mineral Exploration Costs

Details of the cumulative exploration expenditures on the Kennedy River Project for the years ended November 30, 2017 and 2016 are as follows:

	November 30, 2017	November 30, 2016
Opening cumulative expenditures	\$ 241,038	\$ 186,085
Camp and general	-	2,453
Geological and geophysical	-	16,500
Mapping and interpretation	-	10,500
Technical reporting	-	25,500
Total expenditures for the period	-	54,953
Ending cumulative expenditures	\$ 241,038	\$ 241,038

Details of the cumulative exploration expenditures on the Goldenville Project for the years ended November 30, 2017 and 2016 are as follows:

	November 30, 2017	November 30, 2016
Opening cumulative expenditures	\$ -	\$ -
Camp and general	41,835	-
Community relations	3,200	-
Data digitization	26,735	-
Drilling	290,209	-
Equipment rental	4,944	-
Field supplies	5,363	-
Geochemical analyses	59,423	-
Geological and geophysical	120,901	-
Technical reporting	34,678	-
Total expenditures for the period	587,288	-
Ending cumulative expenditures	\$ 587,288	\$ -

## c) Kennedy River Project, British Columbia, Canada – Project Description and Operations Update

In April 2010, the Company staked two mineral claim blocks covering 1,331 hectares called the Kennedy River Project located near Port Alberni on Vancouver Island in British Columbia. On December 30, 2013, the mineral claim for Kennedy River North claim block lapsed, leaving 10 mineral tenures in good standing for Kennedy River South claim block covering 803 hectares.

The Property covers roughly half of the historic Kennedy River Gold District and has potential to host significant zones of sheeted vein type gold mineralization. Previous exploration work carried out by Kerr Addison Mines in the late 1980's combined with soil geochemical surveys and 3DIP surveys carried out by the Company in 2010 identified a high priority target in the central part of the Property referred to as the G-1 Target. Additional work in 2010, 2011 and 2012 further expanded the G-1 Target. Given challenging market conditions, the project was not further advanced in 2014 or 2015.

During the year ended November 30, 2016, the Company incurred \$54,953 of exploration expenditures at Kennedy River on project evaluation, inspection, data interpretation and technical report writing.

During the year ended November 30, 2017, the Company determined that it would not be continuing development on the Kennedy River Project; accordingly, \$13,521 in acquisition costs were written off during the year.

**d) Goldenville Project, Nova Scotia, Canada – Project Description and Operations Update**

The Goldenville Property consists of three contiguous mineral titles totaling approximately 970 ha in Northeastern Nova Scotia. The Goldenville Property hosts an Inferred Resource Estimate of 2,800,000 tonnes at 3.20 g/t gold for 288,000 ounces of gold (2,800,000 tonnes at 4.96 g/t gold for 447,000 ounces of gold uncapped) as reported in a technical report dated effective March 15, 2017, prepared for the Company. The resource estimate titled *NI43-101 Independent Technical Report, Goldenville Project, Guysborough County, Nova Scotia* (the “Technical Report”) was completed by David G. Thomas, M.Sc., P. Geo. and Neil Pettigrew, M.Sc., P. Geo. of Fladgate Exploration Consulting Corporation (“Fladgate”) based in Thunder Bay, Ontario.

The mineral resource estimate from the Technical Report is as follows:

Table 1 - Goldenville Mineral Resource and Sensitivities, Near Surface

Cut-Off	Tonnes	Capped Au (g/t)	Capped Au (Oz)	Uncapped Au (g/t)	Uncapped Au (Oz)
0.50	1,370,000	2.79	123,000	4.66	206,000
<b>0.75</b>	<b>1,240,000</b>	<b>3.02</b>	<b>120,000</b>	<b>5.08</b>	<b>203,000</b>
1.00	1,125,000	3.24	117,000	5.49	199,000

Table 2 - Goldenville Mineral Resource and Sensitivities, Underground

Cut-Off	Tonnes	Capped Au (g/t)	Capped Au (Oz)	Uncapped Au (g/t)	Uncapped Au (Oz)
<b>2.00</b>	<b>1,560,000</b>	<b>3.35</b>	<b>168,000</b>	<b>4.87</b>	<b>244,000</b>
2.25	1,310,000	3.58	151,000	5.21	220,000
2.50	1,030,000	3.91	130,000	5.68	189,000

The Goldenville Gold District, where the Goldenville Property is located, is regarded as one of the most important gold mining districts in Nova Scotia with past gold production between 1862 and 1942 of approximately 212,300 ounces from 551,797 tonnes indicating an historic recovered grade of 11.97 g/t, as disclosed in the Technical Report.

The Goldenville Property has been explored intermittently since the 1960s, and has a large database of more than 30,000 metres of surface and underground drilling, as well as a 183m shaft which was rehabilitated and temporarily dewatered in 1988.

Typical deposits of this district have stratabound quartz veins hosting gold mineralization within folded metasediments. More recently the potential for disseminated shale hosted gold mineralization has been the focus of other companies working in Nova Scotia. The Goldenville Project demonstrates potential for discovery of additional quartz vein hosted mineralization which remains open along strike and at depth as well as shale hosted gold.

On March 27, 2017, the Company acquired 24 diamond drill hole cores from an exploration program carried out in 2014 by a former operator of the Goldenville Property. The drill hole cores were stored in a secure facility by Maritime Diamond Drilling Ltd. since the conclusion of the drill program in 2014. The Company logged these holes in detail, and announced the first batch of assay results on June 22, 2017 including Hole P4-14-04 which returned multiple elevated intervals with elevated gold values, including 3.89 g/t gold over 7.05 metres.

On May 23, 2017 the Company mobilized surface crews to the Goldenville Project. The program was planned to generate new drill targets through geochemical sampling and geological mapping in the largely underexplored but prospective area between Osprey's current resource at Goldenville and the historic Mitchell Lake occurrence where prior drilling reported significant gold mineralization over substantial intercepts. The program was focused on confirming and improving historic mapping, as well as a surface geochemical sampling program along the 3.5 kilometres area between the two known occurrences attempting to identify anomalies and exploration targets under the till blanket within prospective yet underexplored areas of the property along strike from the resource.

On June 6, 2017, the Company acquired a package of geophysics, diamond drilling, and geochemical data from David Duncan & Associates. This data has been reprocessed and used for drill targeting at the Goldenville property, and in the Mitchell Lake region. Data on Lower Seal Harbour, Gold Lake, and Miller Lake was also included in the acquisition.

On July 11, 2017, the Company commenced an exploration program consisting of approximately 2,500 metres of HQ sized diamond drilling, utilizing one drill rig. This drilling is focused on expanding the current inferred resource at Goldenville, as well as targets generated through the geophysics from David Duncan & Associates and the Company's own surface program.

On September 21, 2017 the Company completed the exploration and drill program at Goldenville. The program was expanded to 3,044 meters which consisted of 15 holes for 2,609 metres of drilling along the main anticline at Goldenville. This drilling was focused primarily on the north limb of the fold, and worked to extend known mineralization to the east. During the course of the drill program, Osprey tested the structure further east than any previous drilling. Three holes for 435 metres of drilling were also drilled at the Mitchell Lake Zone on a target generated through surface work and geophysics. During the course of this program, surface crews also completed mapping and surface sampling at Lower Seal Harbour consisting of 121 MMI samples.

On November 6, 2017 the Company announced the first results from the first seven of eighteen holes completed during the drill program at Goldenville. Initial assay results included hole G17-04 which returned multiple intervals with elevated gold values, including a near surface intercept of 16.14 grams per tonne ("g/t") gold over 0.60 m within a broader zone of 10.0 m of 1.11 g/t gold starting at 10m downhole, and hole G17-01 which returned 1.25 g/t gold over 7.10 m starting at a downhole depth of 61.60 m. Holes G17-01 to G17-03 were drilled from west to east, starting in the central portion of the Goldenville anticline, near the historic Wellington shaft. These holes were drilled to the south, and targeted near-surface veins on the shallow dipping north limb along an interpreted northwest trending chute of potentially thicker mineralized argillite, which correlates to an extension of veins mined down dip in the Wellington Mine. Holes G17-05 and G-17-06 targeted an interpreted parallel structure along strike to the east, closer to the anticline hinge zone. Hole G17-07 was drilled

to the north, on the south limb of the structure to intercept the interpreted argillite zone targeted on G17-05 and G17-06 dipping southeast on the southern, more steeply dipping, side of the anticline. Hole G17-07 intersected a significant 20 m thickness of sulphide-rich argillite with extensive quartz veining, with 72% of the samples returning elevated gold assays.

Table 3 - Initial Assay Results from Goldenville Project, 2017

<b>Hole ID</b>	<b>From</b>	<b>To</b>	<b>Width</b>	<b>Au (g/t)</b>
G17-1	39.30	39.90	0.60	2.21
G17-1	<b>61.60</b>	<b>68.70</b>	<b>7.10</b>	<b>1.21</b>
<i>incl</i>	64.20	65.00	0.80	6.46
G17-2	3.10	3.90	0.80	5.32
G17-2	94.40	94.90	0.50	1.75
G17-3	59.90	60.90	1.00	4.74
G17-4	9.00	25.60	16.60	0.84
<i>incl</i>	<b>10.00</b>	<b>20.00</b>	<b>10.00</b>	<b>1.11</b>
<i>incl</i>	10.00	10.60	0.60	16.14
G17-4	56.00	59.00	3.00	0.73
G17-4	76.20	77.40	1.20	1.15
G17-4	87.80	89.80	2.00	3.06
<i>incl</i>	88.80	89.80	1.00	5.95
G17-5	6.00	6.80	0.80	8.59
G17-5	49.40	50.50	1.10	9.65
G17-6	23.85	24.90	1.05	2.79
G17-6	<b>61.00</b>	<b>73.00</b>	<b>12.00</b>	<b>0.59</b>
<i>incl</i>	61.80	66.20	4.40	1.34
<i>incl</i>	61.80	62.70	0.90	5.41
G17-6	98.00	100.00	2.00	0.58
<i>incl</i>	98.00	99.00	1.00	0.99
G17-7	8.50	10.10	1.60	0.56
<i>incl</i>	9.60	10.10	0.50	1.49

**e) Caribou Gold Project, Nova Scotia, Canada – Project Description and Operations Update**

The Caribou Gold Project consists of 16 contiguous mining claims (256 hectares) hosting the past-producing Caribou Property located 80 km northeast of Halifax, Nova Scotia. Reported past production of over 100,000 gold ounces between 1869 and 1955, as reported in a historical technical report titled “NI 43-101 Technical Report for the Caribou Gold Property Upper Musquodoboit, Halifax County, Nova Scotia”, prepared for Scorpio Gold Corporation by Guy Mac Gillivray, P.Geol. of W.G. Shaw and Associates Limited in a report dated October 8, 2008 (the “Historical Report”). The Caribou Property hosts an inferred historic resource of 94,763 ounces of gold in 350,305 tonnes grading 8.81 g/t gold, uncut as set forth in the Historical Report (the “Historic Estimate”).

The Historical Report discloses that underground production from the Caribou district was first recorded in 1869. Since then approximately 108,250 ounces of historical gold production has been documented from the property in various production records and reports. Mining and milling records indicate an average mined grade of approximately 13 g/t, with local areas of 68 g/t. The Historic

Estimate includes distinctive zones of gold in stockwork veining hosted by shears within the anticline. These contain broader zones of high grade gold than normally seen in the camp.

Lode gold mineralization is interpreted to be controlled by a north-northwest striking low angle axial structure that cuts the 35 km-long Caribou-Cochrane Hill Anticline.

Osprey intends to plan exploration programs to test the argillites, extend known high-grade veins, and expand and test for new zones of stockwork veining.

## SUMMARY OF QUARTERLY RESULTS

The following is a summary of the results for the Company's 8 most recent quarterly periods:

	30-Nov-17	31-Aug-17	31-May-17	28-Feb-17
Expenses/ (income)	\$266,139	\$973,135	\$314,047	\$439,169
Loss and comprehensive loss for the period	\$265,355	\$972,620	\$313,612	\$439,169
Weighted average shares outstanding	27,927,740	26,495,594	26,048,855	13,292,333
Loss per share	\$0.01	\$0.04	\$0.01	\$0.03
Mineral property acquisition costs	290,000	41,479	1,965,957	-
Mineral property exploration costs	181,505	343,203	62,080	500

	30-Nov-16	31-Aug-16	31-May-16	29-Feb-16
Expenses/ (income)	\$41,499	\$3,343	\$3,383	\$68,794
Loss and comprehensive loss for the period	\$41,499	\$3,343	\$3,383	\$68,794
Weighted average shares outstanding	13,292,333	13,292,333	13,292,333	13,020,948
Loss per share	\$0.00	\$0.00	\$0.00	\$0.01
Mineral property acquisition costs	-	-	-	-
Mineral property exploration costs	-	-	-	54,953

The Company's operating losses are due to general and administrative costs, such as management, consulting, legal, accounting and audit incurred during the process of managing the Company's operations. The Company is also expensing on the income statement all exploration costs incurred prior to the determination of the feasibility of mining operations, a positive construction and production decision, and the securing of appropriate financing, are expensed as incurred.

## SELECTED ANNUAL INFORMATION

The following table show selected financial data of the Company for the three most recently completed fiscal years. This summary has been derived from the annual financial statements of the Company that have been prepared in accordance with IFRS:

	November 30, 2017	November 30, 2016	November 30, 2015
	\$	\$	\$
Revenue	Nil	Nil	Nil
Net loss	(1,990,756)	(117,019)	(20,664)
Net loss per share - basic and diluted	(0.08)	(0.00)	(0.00)
Total assets	2,833,256	30,689	72,242
Total long term financial liabilities	Nil	Nil	Nil
Cash dividend declared per share	Nil	Nil	Nil



## DISCLOSURE OF OUTSTANDING SHARE DATA

The Company's authorized capital is unlimited common shares without par value. As at the date of this MD&A, there were 45,856,832 common shares issued and outstanding.

As of the date of this MD&A, the Company had the following stock options outstanding and warrants:

	Number of Shares	Exercise Price	Number Exercisable	Expiry Date
<b>Options</b>	1,325,000	\$ 0.30	1,325,000	January 25, 2022
<b>Warrants</b>	3,961,920	\$ 0.40	3,961,920	September 2, 2018
<b>Warrants</b>	493,000	\$ 0.40	493,000	February 21, 2019
<b>Warrants</b>	313,200	\$ 0.40	313,200	February 23, 2019
<b>Warrants</b>	18,854,321	\$ 0.12	18,854,321	February 7, 2021

## RESULTS OF OPERATIONS

### Three months ended November 30, 2017 compared with three months ended November 30, 2016

The loss for the three months ended November 30, 2017 was \$265,355, compared with a loss of \$41,499 for the three months ended November 30, 2016. Significant variances in expenses are explained as follows:

- Consulting expense of \$51,000 (2016 - \$Nil) includes consulting fees paid to the CEO, President, and CFO for their services; in the prior period the Company did not compensate its officers for their services;
- Exploration and evaluation costs of \$181,505 (2016 - \$Nil) relates to the Company's drilling program at the Goldenville property which commenced July 2017;
- Legal expenses recovery of \$57,913 (2016 - \$29,533) decreased primarily due to the Company reclassifying \$76,079 in legal fees incurred during the year in relation to the acquisition of Crosby against the value of exploration and evaluation assets acquired. The remaining decrease is due to reduced activity compared to the prior quarter, during which the Company incurred costs in preparation for its name change and listing on the TSX Venture Exchange, as well as the Crosby acquisition;
- Investor relations and marketing expenses of \$60,270 (2016 - \$Nil) due to an increased marketing focus to support the Company's increased activity mentioned above.

### Year ended November 30, 2017 compared with year ended November 30, 2016

The loss for the year ended November 30, 2017 was \$1,990,756, compared with a loss of \$117,019 for the year ended November 30, 2016. Significant variances in expenses are explained as follows:

- Audit and accounting expense of \$17,150 (2016 - \$14,200) relating to the Crosby acquisition and overall increased activity;
- Exploration and evaluation costs of \$587,288 (2016 - \$54,953) relates to the Company's drilling program at the Goldenville property which commenced July 2017;

- Legal expenses of \$57,173 (2016 - \$33,478), primarily related to the Company's name change, completion of the OTCQB listing, regulatory reviews, and overall increased activity;
- Consulting expense of \$175,500 (2016 - \$Nil) includes consulting fees paid to the CEO, President, and CFO for their services; in the prior period the Company did not compensate its officers for their services;
- Investor relations and marketing expenses of \$703,021 (2016 - \$Nil) due to increased marketing efforts to support the Company's increased activity mentioned above; and
- Share-based compensation of \$325,489 (2016 - \$Nil) relating to the vesting of 1,325,000 stock options granted on January 25, 2017.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Company's ability to meet its obligations and its ability to finance exploration and development activities depends on its ability to generate cash flow through the issuance of common shares pursuant to private placements, the exercise of warrants and stock options. Capital markets may not always be receptive to offerings of new equity from treasury or debt, whether by way of private placements or public offerings. This may be further complicated by the limited liquidity for the Company's shares, restricting access to some institutional investors. The Company's growth and success is dependent on additional external sources of financing which may not be available on acceptable terms.

### Cash and Working Capital

As of November 30, 2017, the Company had cash of \$478,728 and a working capital of \$47,182, compared with cash of \$15,756 and a working capital deficit of \$20,502 as of November 30, 2016. The increase in cash and working capital is mainly due to gross proceeds of \$2,175,500 received on the private placement in March 2017, offset by cash flows detailed below.

### Cash Used in Operating Activities

Cash used in the operating activities during the year ended November 30, 2017 was \$1,266,413 (2016 - \$92,313). The Company incurred a loss of \$1,990,756 (2016 - \$117,019), including non-cash share-based compensation of \$325,489 (2016 - \$Nil) and write off of mineral property of \$13,521 (2016 - \$Nil), which was offset by an increase in non-cash working capital by \$385,333 (2016 - \$24,706).

### Cash Used in Investing Activities

Cash used from investing activities during the year ended November 30, 2017 was \$295,402 (2016 - \$Nil), including \$105,677 from the acquisition of Crosby, offset by \$76,079 in related acquisition costs and \$125,000 and \$200,000 paid in connection with the Goldenville option agreement and Caribou property acquisition, respectively.

### Cash Generated by Financing Activities

During the year ended November 30, 2017, the Company received \$2,175,500 in subscriptions and paid \$150,713 in share issuance costs in relation to the non-brokered private placements that closed in March 2017 and August 2017.

During the year ended November 30, 2016, the Company received proceeds from a non-brokered private placement of 504,000 common shares at a price of \$0.10 per common share of \$50,400 and spent \$1,052 of costs associated with the private placement for net proceeds of \$49,348.

### Requirement of Additional Equity Financing

The Company relies primarily on equity financings for all funds raised to date for its operations. The Company needs more funds to finance its exploration and development programs and ongoing operating costs. Until the Company starts generating profitable operations from extraction of minerals and precious metals, the Company intends to continue relying upon the issuance of securities to finance its operations and acquisitions.

### **GOING CONCERN**

The recoverability of amounts shown as mineral properties is dependent upon the discovery of economically recoverable reserves, the Company's ability to obtain financing to develop the properties and the ultimate realization of profits through future production or sale of the properties. Realized values may be substantially different than carrying values as recorded in the Company's financial statements.

The Company's financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operation as a going concern for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At November 30, 2017, the Company had not achieved profitable operations, had an accumulated deficit of \$3,026,111 since inception and expects to incur further losses in the development of its business. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

Although the Company has been successful in the past in obtaining financing, there can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows from its future operations. If the Company is unable to obtain adequate additional financing, the Company would be required to curtail its planned operations, exploration and development activities. On February 7, 2018, the Company completed a non-brokered private placement of \$1,344,187 in gross proceeds.

### **OFF BALANCE SHEET ARRANGEMENTS**

The Company does not have any off-balance sheet arrangements.

### **TRANSACTIONS WITH RELATED PARTIES**

Key management personnel are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management include executive and non-executive members of the Company's Board of Directors, and corporate officers. During the year ended November 30, 2017, Board members were not paid or accrued any compensation.

Included in consulting fees for the year ended November 30, 2017 are:

- \$30,000 (2016 - \$Nil) paid or accrued to Family Swing Holdings Inc., a company owned by the Chief Executive Officer;
- \$104,000 (2016 - \$Nil) paid or accrued to the President;
- \$26,017 (2016 - \$Nil) paid to a Red Fern Consulting Ltd., a company in which the Chief Financial Officer is an associate.
- \$Nil (2016 - \$5,750) paid to CDM Capital Partners Inc., a company partially controlled by Darren Devine, the former Chief Financial Officer of the Company.

Included in accounts payable and accrued liabilities at November 30, 2017 are \$19,455 due to related parties.

## PROPOSED TRANSACTIONS

Except for the items disclosed in this document, there are no other proposed transactions under consideration.

## CONTRACTUAL OBLIGATIONS

Except as described herein or in the Company's financial statements, the Company had no material contractual obligations.

## FINANCIAL INSTRUMENTS

The Company accounts for its financial instruments as follows:

Cash	Loans and receivables
Accounts payable and accrued liabilities	Financial liabilities measured at amortized cost

### Financial Assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

#### *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities of greater than 12 months after the end of the reporting period, which are classified as non-current assets. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. The Company has classified cash as loans and receivables.

#### *Financial Assets at Fair Value Through Profit or Loss*

An instrument is classified at fair value through profit or loss if it is held for trading. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchases and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. The Company has not designated any financial assets at fair value through profit or loss.

#### *Available-for-sale Financial Assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. Subsequent to initial recognition, available-for-sale financial assets are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in

the fair value reserve. When an instrument is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss. The Company has not designated any financial assets as available-for-sale.

### Financial Liabilities

Financial liabilities other than derivative liabilities are recognized initially at fair value and are subsequently stated at amortized cost. Transaction costs on financial assets and liabilities other than those classified as fair value through profit and loss are treated as part of the carrying value of the asset or liability. Transaction costs for assets and liabilities at fair value through profit and loss are expensed as incurred. The Company's financial liabilities consists of accounts payable and accrued liabilities.

### Impairment of Financial Assets

The Company assesses at the end of each reporting date whether there are indicators of impairment present for financial assets other than financial assets valued through profit and loss. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. An impairment loss in respect of a financial asset carried at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted using the instrument's original effective interest rate.

An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. In the case of equity instruments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset that was previously recognized in profit or loss, is removed from equity and recognized in profit or loss.

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

The classification of the financial instruments as well as their carrying values is shown in the table below:

Loans and receivables	\$	485,858
Financial liabilities measured at amortized cost	\$	475,117

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

- Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and
- Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

As at November 30, 2017, the fair values of financial instruments measured on a recurring basis include cash, determined based on level one inputs and consisting of quoted prices in active markets for identical

assets. The fair values of accounts payable and accrued liabilities approximate their carrying values due to the relatively short-term maturity of these instruments.

The Company is exposed to potential loss from various risks including commodity price risk, exploration and development risk, environmental risk, credit risk, liquidity risk and interest rate risk. These risks are described in more details in Risk and Uncertainties section of this MD&A.

## **RISK AND UNCERTAINTIES**

The exploration and development of mineral properties are highly speculative activities and are subject to significant risks, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in size to return a profit from production. The Company's ability to realize on its investments in exploration projects is dependent upon a number of factors: management's ability to continue to raise the financing necessary to complete the exploration and development of those projects and the existence of economically-recoverable reserves within the projects.

At the present time the Company does not hold any interest in a mining property in commercial production. The Company has incurred net losses since inception, and has limited financial resources and no positive mineral operating cash flow. No assurance can be given that additional funding will be available for further exploration and development of the Company's projects or to fulfill the Company's obligations under any applicable agreements. Other risks and uncertainties include:

### Competitive industry

Mining industry is intensely competitive and the Company will compete with other companies that have far greater resources.

### Exploration risks

Mineral exploration is highly speculative in nature. The Company's exploration projects involve many risks, and success in exploration is dependent upon a number of factors including, but not limited to, quality of management, quality and availability of geological expertise and availability of exploration capital. The Company cannot give any assurance that its future exploration efforts will result in the discovery of mineral resources or mineral reserves.

### Fluctuating metal and share prices

Factors beyond the control of the Company may affect the marketability of precious any other metals or minerals discovered. Commodity prices fluctuate widely and are affected by numerous factors beyond the Company's control whose effect cannot accurately be predicted.

In recent years, the securities markets in the United States and Canada have experience a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploratory and development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying assets values or prospects of such companies. There can be no assurance that continual and extreme fluctuations in price will not occur.

### Ability to continue as a going concern

The audited consolidated financial statements of the Company for the year ended November 30, 2017 were prepared in accordance with IFRS on a going concern basis, which assumes the realization of assets and discharge of liabilities in the normal course of business. As noted in the "Liquidity and Capital Resources" section, there are number of conditions that raise substantive doubt about the Company's

ability to continue as a going concern in the longer term.

The ability of the Company to continue as a going concern is dependent upon the existence of economically recoverable mineral reserves and the ability to raise adequate financing from lenders, shareholders and other investors to support such business activities. It is anticipated that the Company will rely on the equity markets in the upcoming fiscal year to meet its financing needs, including funding future exploration activity.

Given the current economic environment, there can be no assurance that such financing will be available to the Company on acceptable terms, or at all. Failure to continue as a going concern would require the Company's assets and liabilities to be presented on a liquidation basis, which would differ materially from the going concern basis.

The following are risks related to the Company's financial instruments:

- (i) **Credit Risk** – Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company does not have any financial instruments that are subject to credit risk.
- (ii) **Liquidity Risk** – Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company's financial obligations are limited to accounts payable and accrued liabilities, all of which have contractual maturities of less than a year.
- (iii) **Interest Rate Risk** – Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no interest-bearing debt. The Company's sensitivity to interest rates is minimal.
- (iv) **Commodity Price Risk** – The Company's future success is linked to the price of minerals, because the value of mineral resources and the Company's future revenues are tied to prices of minerals. Worldwide production levels also affect the prices. The prices of minerals are occasionally subject to rapid short-term changes due to speculative activities.

## **CAPITAL MANAGEMENT**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders, and to bring its mineral properties to commercial production.

The Company depends on external financing to fund its activities. The capital structure of the Company currently consists of common shares. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets, being mineral properties. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, or sell assets to fund operations. Management reviews its capital management approach on regular basis. The Company is not subject to externally imposed capital requirements. There was no change in management's approach to capital management during the year ended November 30, 2017.

The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly-rated financial instruments, such as cash and other short-term guaranteed deposits, all held with major financial institutions.

## RECENT ACCOUNTING PRONOUNCEMENTS

*Standards and amendments issued but not yet effective for the year ended November 30, 2017, are as follows:*

IFRS 9, *Financial Instruments* addresses classification, measurement and recognition of financial assets and financial liabilities. In July 2014, the International Accounting Standards Board ("IASB") completed the final version of the Standard which replaces IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 provides a revised model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a reformed approach to hedge accounting. The effective date for this standard is for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company does not expect any impact from this amendment.

IFRS 16, *Leases*, addresses accounting for leases and lease obligations and replaces the leasing guidance in IAS 17, *Leases*. The guidance requires lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The guidance is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. The Company does not expect any impact from this guidance.

## FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this MD&A contains forward-looking statements, pertaining to the following: capital expenditure programs, development of resources, treatment under governmental regulatory and taxation regimes, expectations regarding the Company's ability to raise capital, expenditures to be made by the Company to meet certain work commitments, and work plans to be conducted by the Company.

With respect to forward-looking statements listed above and contained in this MD&A, the Company has made assumptions regarding, among other things: the legislative and regulatory environment, the impact of increasing competition, unpredictable changes to the market prices for minerals, that costs related to development of mineral properties will remain consistent with historical experiences, anticipated results of exploration activities, and the Company's ability to obtain additional financing on satisfactory terms.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth in this MD&A: volatility in the market prices of minerals, uncertainties associated with estimating resources, geological problems, technical problems, exploration problems, processing problems, liabilities and risks including environmental liabilities and risks inherent in the exploration and mining, fluctuations in currency and interest rates, incorrect assessments of the value of acquisitions, unanticipated results of exploration activities, competition for capital, competition for acquisitions of reserves, competition for undeveloped lands, competition for skilled personnel, political risks and unpredictable weather conditions.



## **TECHNICAL CONTENT**

Perry MacKinnon, P.Geo., Vice President of Exploration of the Company and a Qualified Person under the meaning of Canadian National Instrument 43-101, is responsible for the technical content of this Management's Discussion and Analysis.

## **ADDITIONAL INFORMATION**

For further detail, see the Company's consolidated financial statements for the year ended November 30, 2017. Additional information about the Company can also be found on [www.sedar.com](http://www.sedar.com) and on the Company's website [www.ospreygold.com](http://www.ospreygold.com).

## **CORPORATE DIRECTORY**

### **Head Office**

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### **Officers and Directors**

Jeffrey Wilson (CEO and Director)  
Cooper Quinn (President and Director)  
Jasmine Lau (CFO and Corporate Secretary)  
Perry MacKinnon (Vice President Exploration)  
Adrian Fleming (Chairman and Director)  
Gregory Beischer (Director)

### **Audit Committee**

Gregory Beischer (Chair)  
Adrian Fleming  
Jeffrey Wilson

### **Corporate Governance Committee**

Gregory Beischer (Chair)  
Adrian Fleming

### **Compensation Committee**

Adrian Fleming (Chair)  
Gregory Beischer

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