Management Discussion and Analysis ("MD&A")
for the six months ended May 31, 2018 and 2017

The following discussion and analysis of the operations, results, and financial position of Osprey Gold Development Ltd. (the "Company" or "Osprey") for the six months ended May 31, 2018 should be read in conjunction with the Company's condensed consolidated interim financial statements for the six months ended May 31, 2018 and the audited consolidated financial statements for the year ended November 30, 2017. The effective date of this report is July 30, 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. The Company changed its name to Osprey Gold Development Ltd., on February 24, 2017 and began trading under the symbol "OS" on the TSX Venture Exchange (the "TSXV"). 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:

- Actively advancing an option to acquire a 100% interest in the Goldenville Gold Project and certain other mineral properties in Nova Scotia.
- Continuing to progress an option to acquire a 100% interest in the past-producing Caribou Gold Project in Nova Scotia.

HIGHLIGHTS FOR THE SIX MONTHS ENDED MAY 31, 2018 AND THE SUBSEQUENT PERIOD TO JULY 30, 2018

- On November 6, 2017 and February 21, 2018, the Company announced drill results from the Goldenville Gold Project, extending known mineralization around the current Goldenville resource estimate, as well as Mitchell Lake, an exploration target 3.5 kilometers to the west of the current Goldenville resource.

- 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 valued at $51,459 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.

- On February 9, 2018, the Company paid $125,000 representing the second instalment of the first anniversary payment under the Goldenville Agreement.

- On May 1, 2018, the Company appointed John Wenger to the Board of Directors; Mr. Wenger became Chair of the Audit Committee.

MINERAL PROPERTIES

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

	May 31, 2018	November 30, 2017
Goldenville Project, Nova Scotia, Canada	$ 2,215,957	$ 2,090,957
Caribou Project, Nova Scotia, Canada	220,000	220,000
Total	$ 2,435,957	$ 2,310,957

b) Mineral Exploration Costs

Details of the cumulative exploration expenditures on the Goldenville Project for the six months ended May 31, 2018 and the year ended November 30, 2017 are as follows:

	May 31, 2018	November 30, 2017
Opening cumulative expenditures	$ 587,288	$ -
Camp and general	3,208	41,835
Community relations	-	3,200
Data digitization	-	26,735
Drilling	-	290,209
Equipment rental	-	4,944
Field supplies	-	5,363
Geochemical analyses	30,604	59,423
Geological and geophysical	22,500	120,901
Technical reporting	-	34,678
Total expenditures for the period	56,312	587,288
Ending cumulative expenditures	$ 643,600	$ 587,288

Details of the cumulative exploration expenditures on the Caribou Project for the six months ended May 31, 2018 and the year ended November 30, 2017 are as follows:

	May 31, 2018	November 30, 2017
Opening cumulative expenditures	$ -	$ -
Camp and general	9,378	-
Data digitization	1,221	-
Geological and geophysical	9,750	-
Total expenditures for the period	20,349	-
Ending cumulative expenditures	$ 20,349	$ -

c) Goldenville Project, Nova Scotia, Canada

Unless otherwise noted, technical information summarized in this MD&A relating to the Goldenville Project, including historical data and the current mineral resource estimate for the property, is extracted from a technical report prepared for the Company entitled “*NI43-101 Independent Technical Report, Goldenville Project, Guysborough County, Nova Scotia”,* dated effective March 15, 2017 (the “Technical Report”), completed by David G. Thomas, M.Sc., P. Geo. and Neil Pettigrew, M.Sc., P. Geo. of Fladgate Exploration Consulting Corporation based in Thunder Bay, Ontario

The Goldenville Project consists of four contiguous mineral titles totaling approximately 1,181 ha in Northeastern Nova Scotia. The Goldenville Property hosts an Inferred Resource Estimate of 2,800,000 tonnes at 3.20 grams per tonne (“g/t”) gold (“Au”) for 288,000 ounces of gold (2,800,000 tonnes at 4.96 g/t Ai for 447,000 ounces of gold uncapped), summarized with sensitives.

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
0.75	**1,240,000**	**3.02**	**120,000**	**5.08**	**203,000**
1.00	1,125,000	3.24	117,000	5.49	199,000

Underground

Cut-Off	**Tonnes**	**Capped Au (g/t)**	**Capped Au (Oz)**	**Uncapped Au (g/t)**	**Uncapped Au (Oz)**
2.00	**1,560,000**	**3.35**	**168,000**	**4.87**	**244,000**
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 a prominent 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 Au.

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 November 6, 2017 the Company announced the initial results from the first seven of eighteen holes completed during the drill program at Goldenville, in the immediate vicinity of the Company's current NI 43-101 Inferred Resource. Holes were completed on the north and south limbs of the anticline, and intersected multiple zones of mineralization – drilling intersected both vein hosted gold, and gold hosted within the argillites.

Assay Results from the Goldenville Project, 2017

Hole ID	From	To	Width	Au (g/t)
G17-1	39.30	39.90	0.60	2.21
G17-1	**61.60**	**68.70**	**7.10**	**1.21**
incl	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
incl	**10.00**	**20.00**	**10.00**	**1.11**
incl	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
incl	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	**61.00**	**73.00**	**12.00**	**0.59**
incl	61.80	66.20	4.40	1.34
incl	61.80	62.70	0.90	5.41
G17-6	98.00	100.00	2.00	0.58
incl	98.00	99.00	1.00	0.99
G17-7	8.50	10.10	1.60	0.56
incl	9.60	10.10	0.50	1.49

On February 21, 2018 the Company announced the results for the remainder of holes drilled on the main Goldenville trend. Highlights included:

- G17-14 intersected 52.00 g/t Au over 0.70, within 6.30 m of 6.22 g/t Au – this area is open 750m to the east to hole G07-12;
- G17-08 intersected 98.29 g/t Au over 0.70 m, as well as 2.70 g/t Au over 6.90 m on the north limb of the anticline;
- G17-15 intersected 1.52 g/t Au over 14.40 m 64 m east along strike from G17-08, east of Highway 7 in the Bluenose Mine area;
- G17-09 intersected 2.04 g/t Au over 11.10 m, 114 m along strike from G17-08;
- G17-13 intersected wide zones of well mineralized host rock and quartz veins in the same unit as G17-07, but no values over 1 g/t Au;

The drill program also tested for broader zones of mineralization outside of the vein-hosted gold; this was successful in the southern limb of the Goldenville anticline in hole G17-14 which contained multiple intercepts of lower grade mineralization within the host rock. In the northern limb, results in the Bluenose Mine shaft area are very encouraging, returning the highest grades Osprey has drilled to date as well as broad zones of mineralized host rock and quartz veining, highlighted in hole G17-15 drilled over 300 m along strike to the east from G17-14.

On March 1, 2018 the Company announced assay results from three holes drilled on the western portion of the Goldenville property in the Mitchell Lake Zone. This release includes results for three holes totalling 435 m; all three holes hit multiple intervals of gold mineralization, characterized by both high-grade quartz vein hosted gold, as well as broad lower grade gold intercepts with mineralized host rock and veinlets. Highlights included:

- MIT17-01 intersected a broad zone of gold mineralization; 30.50 m of 0.70 grams per tonne ("g/t") gold, including 8.10 m of 1.10 g/t gold, and 9.40 m of 1.02 g/t gold;
- MIT17-01 also intersected high grade mineralization, 9.26 g/t gold over 0.50 m
- MIT17-02 intersected multiple zones of mineralization, with 23% of the assay intervals returning between 0.50 – 3.65 g/t gold;
- MIT17-03 intersected another broad zone of gold mineralization, with 25.10 m of 0.41 g/t gold, including 8.30 m of 0.89 g/t gold

The holes drilled at Mitchell Lake cover approximately 150 m of strike length and are located roughly 4 kilometres from the centre of Osprey's current Inferred Resource. The Mitchell Lake area is large, with little previous exploration work, however limited prior drilling by a former operator included 1.33 g/t Au over 20.2m in hole MIT-1. The potential for disseminated mineralization in the area has been known for some time as a report from 1898 in the Industrial Advocate indicates, "In this vicinity are some of the largest low grade belts of [mineralization] in the district, and…this class of mining will be eventually the mainstay of the gold mining industry in this province."

d) Caribou Gold Project, Nova Scotia, Canada

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 dated October 8, 2008 and entitled "NI 43-101 Technical Report for the Caribou Gold Property Upper Musquodoboit, Halifax County, Nova Scotia", prepared for Scorpio Gold Corporation by Guy MacGillivray, P.Geo. of W.G. Shaw and Associates Limited (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 is carrying out surface exploration programs to test the argillites, extend known high-grade veins, and expand and test for new zones of stockwork veining. The work performed will be used to define future drill targets.

On May 3, 2018 the Company announced commencement of work programs at Caribou. This initial phase of work at Caribou will consist of re-analysis of historic core, surface sampling and mapping, followed by mechanical trenching. Analysis of previous drilling will start on two zones where previous work left large intervals of potentially mineralized sediments outside the gold-bearing quartz veins unsampled. The Dixon-Truro Trend on the south limb of the anticline was drilled by Seabright Exploration in 1988; the Elk Zone, on the north limb of the anticline at the boundary of the Goldenville and Halifax sedimentary formations, was subject to a limited drill program in 1987, with five holes focused on one vein target. Several holes from each zone will have unsampled zones split and submitted for analysis. A mechanical trenching program will follow this work and will be focused on extensions of both zones with the goal to fully develop new drill targets on the property.

On June 20, 2018 the Company announced sampling of historic core had been completed, and it was commencing mechanical trenching. The Company selected a total of five strategically located holes drilled by previous operators along the Dixon-Truro trend and Elk Zone at Caribou, which had previously only been sampled where mineralized quartz veins had been present and has sampled broader intervals of host sediments. A total of 308 samples were submitted for analysis.

This previously un-sampled core has been sent to the lab for analysis and results will be reported as they become available.

e) Kennedy River Project, British Columbia, Canada

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.

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.

SUMMARY OF QUARTERLY RESULTS

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

	31-May-18	**28-Feb-18**	**30-Nov-17**	**31-Aug-17**
Expenses	$271,971	$203,456	$266,139	$973,135
Loss and comprehensive loss for the period	$271,074	$204,364	$265,355	$972,620
Weighted average shares outstanding	45,856,832	32,116,249	27,927,740	26,495,594
Loss per share	$0.01	$0.01	$0.01	$0.04
Mineral property acquisition costs	-	125,000	290,000	41,479
Mineral property exploration costs	40,223	56,312	181,505	343,203

	31-May-17	**28-Feb-17**	**30-Nov-16**	**31-Aug-16**
Expenses	$314,047	$439,169	$41,499	$3,343
Loss and comprehensive loss for the period	$313,612	$439,169	$41,499	$3,343
Weighted average shares outstanding	26,048,855	13,292,333	13,292,333	13,292,333
Loss per share	$0.01	$0.03	$0.00	$0.00
Mineral property acquisition costs	1,965,957	-	-	-
Mineral property exploration costs	62,080	500	-	-

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 statement of loss and comprehensive loss all exploration costs incurred prior to the determination of the potential feasibility of mining operations, a positive construction and production decision, and the securing of appropriate financing.

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
Options	1,325,000	$	0.30	1,325,000	January 25, 2022
Options	1,640,000	$	0.09	1,640,000	May 1, 2023
Warrants	3,961,920	$	0.40	3,961,920	September 2, 2018
Warrants	493,000	$	0.40	493,000	February 21, 2019
Warrants	313,200	$	0.40	313,200	February 23, 2019
Warrants	18,854,321	$	0.12	18,854,321	February 7, 2020

RESULTS OF OPERATIONS

Six months ended May 31, 2018 compared with six months ended May 31, 2017

The loss for the six months ended May 31, 2018 was $475,438, compared with a loss of $752,781 for the six months ended May 31, 2017. Significant variances in expenses are explained as follows:

- Consulting expense of $102,000 (2017 - $73,500) includes consulting fees paid in aggregate to the CEO, President, and CFO for their services; in the prior period the Company only compensated its officers for two months;

- Exploration and evaluation costs of $96,535 (2017 - $62,580) relates to exploration work being carried out on the Company's Goldenville and Caribou properties; in the prior period, the Company did not perform any work on the Caribou property;

- Legal expenses of $3,770 (2017 - $80,040) during the comparative period, reflecting costs incurred in preparation for its name change and listing on the TSX-V and the acquisition of Crosby Gold Ltd. ("Crosby"). Legal expenses during the current period reflect a normalization f activity;

- Office and administration expenses of $39,828 (2017 - $19,916) relates to corporate insurance and travel;

- Share-based payments of $96,837 (2017 - $325,489) in relation to 1,640,000 stock options granted in the period exercisable at $0.09, compared to 1,325,000 stock options granted in the prior period exercisable at $0.30.

Three months ended May 31, 2018 compared with three months ended May 31, 2017

The loss for the three months ended May 31, 2018 was $271,074, compared with a loss of $313,612 for the three months ended May 31, 2017. Significant variances in expenses are explained as follows:

- Exploration and evaluation costs of $39,559 (2017 - $62,080) decreased due to reduced consulting costs (2017 costs during the period included the Company's NI43-101 report), as well as starting exploration later in the year due to weather and other unforeseen delays;

- Legal expense recovery of $6,838 (2017 - $44,231 expense) relates to the reversal of legal fees accrued in relation to the private placement completed in February 2018 and overall reduced activity compared to the prior quarter, during which the Company incurred costs in preparation for its name change and listing on the TSX-V, as well as the Crosby acquisition;

- Office and administration expenses of $20,562 (2017 - $6,278) increased due primarily to corporate insurance and travel incurred in the current period as a result of increased corporate and exploration activity;

- Share-based payments of $96,837 (2017 - $nil) in relation to 1,640,000 stock options granted in the period exercisable at $0.09.

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 May 31, 2018, the Company had cash of $792,072 and a working capital of $785,884, compared with cash of $478,728 and a working capital $47,182 as of November 30, 2017. The increase in cash and working capital is mainly due to gross proceeds of $1,344,187 received on the private placement in February 2018, offset by cash flows detailed below.

Cash Used in Operating Activities

Cash used in operating activities during the six months ended May 31, 2018 was $803,959 (2017 - $371,493), resulting from a net loss of $475,438 (2017 - $752,781), adjusted for non-cash share-based compensation of $96,387 (2017 - $325,489) and changes in non-cash working capital, which used cash of $425,358 (2017 - $55,799 cash generated), primarily due to the discharge of payables.

Cash Used in Investing Activities

Cash used from investing activities during the six months ended May 31, 2018 was $125,000 (2017 - $Nil), which was paid in connection with the Goldenville option agreement. In the prior period, the Company acquired $106,846 in cash on the acquisition of Crosby Ltd.

Cash Generated by Financing Activities

During the period ended May 31, 2018, the Company received $1,344,188 (2017 – $1,800,000) in proceeds from issuance of shares and paid $101,885 (2017 - $116,579) in share issuance costs in relation to the private placement that closed in February 2018.

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 May 31, 2018, the Company had not achieved profitable operations, had an accumulated deficit of $3,501,549 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 $1,344,188 in gross proceeds.

See also "Risks and Uncertainties – Going Concern" in this MD&A.

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 period ended May 31, 2018, Board members were not paid or accrued any compensation.

Included in consulting fees for the six months ended May 31, 2018 are:

- $18,000 (2017 - $15,000) paid or accrued to Family Swing Holdings Inc., a company owned by the Chief Executive Officer;
- $63,000 (2017 - $41,000) paid or accrued to the President;
- 21,000 (2017 - $5,017) paid to a Red Fern Consulting Ltd., a company in which the Chief Financial Officer is an associate.

Included in exploration and evaluation costs is $45,000 (2017 - $nil) in geological consulting fees paid to the Vice President of Exploration.

Included in accounts payable and accrued liabilities at May 31, 2018 are $23,181 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	$	799,222
Financial liabilities measured at amortized cost	$	46,652

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 May 31, 2018, 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 several 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.

The Company does not currently 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 several 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 condensed interim consolidated financial statements of the Company for the period ended May 31, 2018 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.

<u>Management of risks arising from financial instruments</u>

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 period ended May 31, 2018.

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 period ended May 31, 2018, 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.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning the Company's general and administrative expenses and resource property costs is provided in the Company's condensed consolidated interim statements of loss and comprehensive loss contained in its condensed interim financial statements for the six months ended May 31, 2018 that is available on www.sedar.com and on the Company's website www.ospreygold.com.

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, has reviewed and approved the technical content of this Management's Discussion and Analysis.

ADDITIONAL INFORMATION

For further detail, see the Company's condensed consolidated interim financial statements for the period ended May 31, 2018 and the audited consolidated financial statements for the year ended November 30, 2017. Additional information about the Company can also be found on www.sedar.com and on the Company's website www.ospreygold.com.

APPROVAL

This MD&A was approved and authorized by the Board on July 30, 2018.

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Perry MacKinnon (Vice President Exploration)
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Gregory Beischer (Director)
John Wenger (Director)

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John Wenger (Chair)
Adrian Fleming
Greg Beischer

Corporate Governance Committee
Gregory Beischer (Chair)
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