OSPREYGOLD
DEVELOPMENT LTD.

Management Discussion and Analysis ("MD&A") for the three months ended February 28, 2017

The following discussion and analysis of the operations, results, and financial position of Osprey Gold Development Ltd. ("the Company" or "Osprey") for the three months ended February 28, 2017 should be read in conjunction with the Company's unaudited condensed interim financial statements and related notes for the three months ended February 28, 2017 and the audited financial statements for the year ended November 30, 2016. The effective date of this report is May 1, 2017. 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. The Company is in the business of exploration and development of mineral resources in Canada. The Company holds a 100% interest in the Kennedy River Project comprised of a mineral claim block covering approximately 803 hectares located near Port Alberni on Vancouver Island, British Columbia (the "Property"). Subsequent to period end, the Company acquired all the issued and outstanding shares of Crosby Gold Ltd., ("Crosby"), which holds a 100% interest in certain mineral properties in Nova Scotia (refer to the Subsequent Events section below)

MINERAL PROPERTY EXPLORATIONS

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

Kennedy River Project, BC, Canada		February 28, 2017		November 30, 2016
Net book value	$	13,521	$	13,521

b) Mineral Exploration Costs

Details of the cumulative exploration expenditures for the three months ended February 28, 2017 and the year ended November 30, 2016 are as follows:

Kennedy River Project, BC, Canada		February 28, 2017		November 30, 2016
Opening cumulative expenditure	$	241,038	$	186,085
Mineral exploration costs:				
Camp and general		-		2,453
Geological and geophysical		-		16,500
Mapping and interpretation		-		10,500
Technical report		-		25,500
Total mineral exploration costs		-		54,953
Ending cumulative expenditure	$	241,038	$	241,038

On March 2, 2017, the Company acquired Crosby Gold Ltd., which holds an option to acquire a 100% interest in the Goldenville Gold Project located in Nova Scotia (see Highlights below).

Details of the cumulative exploration expenditures for the three months ended February 28, 2017 and the year ended November 30, 2016 are as follows:

Goldenville Project, NS, Canada		**February 28, 2017**		**November 30, 2016**
Opening cumulative expenditure	$	-	$	-
Mineral exploration costs:				
Technical report		500		-
Total mineral exploration costs		500		-
Ending cumulative expenditure	$	500	$	-

c) Kennedy River Project, BC, Canada – Project Description

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.

d) Kennedy River Project, BC, Canada – Operations Update

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 on project evaluation, inspection, data interpretation and technical report writing. The Company has concluded, as a result of this work, that the newly-acquired Goldenville project is of superior potential and will be the focus of the Company going forward.

HIGHLIGHTS FOR THE THREE MONTHS ENDED FEBRUARY 28, 2017 AND THE SUBSEQUENT PERIOD TO MAY 1, 2017

Operational and Financial Highlights

- On January 10, 2017, the Company entered in to a binding Letter of Intent (the "LOI") with Crosby and on March 2, 2017 the Company announced the completion of the transaction. 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.

  The Goldenville Property consists of three contiguous mineral titles totaling approximately 970 ha in Northeastern Nova Scotia. The Goldenville Property hosts a historical inferred mineral resource of 244,730 ounces of gold in 533,739 tonnes grading 14.26 g/t and a historical indicated mineral resource of 37,000 ounces of gold in 106,976 tonnes grading 10.76 g/t, using a cutoff of 2.0 g/t gold as reported in a historical technical report dated effective March 1, 2005, prepared for Acadian Gold Corporation by Mercator Geological Services Limited entitled "Technical Report on

Mineral Resource Estimate – Acadian Gold Corporation – Goldenville Property – Guysborough County, Nova Scotia, Canada" (the "Mercator Historical Report").

The mineral resource estimate from the Mercator Historical Report is as follows:

Table 1 Indicated Mineral Resource

Gold Grade Threshold (g/t)	Tonnes Uncut	Gold Grade Uncut (g/t)	Gold Grade 50g/t Cut (g/t)	Total Ounces Uncut
3.5	62,554	16.62	14.72	33,429
2.0	106,976	10.76	9.65	37,012
1.0	181,047	6.96	6.31	40,517

Table 2 Inferred Mineral Resource

Gold Grade Threshold (g/t)	Tonnes Uncut	Gold Grade Uncut (g/t)	Gold Grade 50g/t Cut (g/t)	Total Ounces Uncut
3.5	384,596	18.78	12.38	232,242
2.0	533,739	14.26	9.64	244,730
1.0	855,025	9.43	6.54	259,257

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 Mercator Historical 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.

Pursuant to the terms of the Option Agreement, in order to exercise the Option and acquire the Goldenville Property, Crosby must make aggregate cash payments totaling $1,000,000 to 3302051 Nova Scotia Limited over a period of three years as follows:

- $150,000 paid upon signing the Option Agreement, which payment has been paid as at the date hereof;
- $250,000 on or before the date that is one year from the date of the Option Agreement;
- $250,000 on or before the date that is two years from the date of the Option Agreement; and
- $350,000 on or before the date that is three years from the date of the Option Agreement.

Upon agreement of Crosby and 3302051 Nova Scotia Limited, the last two payments totaling $600,000 may be paid through the issuance of common shares of Crosby or Osprey at a price per share equal to fair market value, as determined by Crosby.

Under the terms of the Option Agreement, Crosby has granted 3302051 Nova Scotia Limited Gross Metal Royalties payable upon commencement of commercial production of the optioned properties in the following amounts (collectively, the "GMR"):

- 2% payable on the Goldenville Property;

- 2% payable on the Lower Seal Harbour property;
- 1.5% on the Gold Lake property; and
- 1.5% on the Miller Lake property.

Crosby has the right to repurchase up to 75% of the GMR on the Goldenville and Lower Seal Harbour properties, and up to 50% of the GMR on the Gold Lake and Miller Lake properties for aggregate consideration of $1,725,000, payable in cash, or, upon agreement of Crosby and 3302051 Nova Scotia, through the issuance of common shares of Crosby or Osprey at a price per share equal to fair market value, as determined by Crosby.

- In connection with signing the Crosby transaction Mr. Cooper Quinn, sole director of Crosby, has been appointed as President and a director of Osprey. The Company also announced that Mr. Robert Clemens has resigned from the Company's board of directors.

- The Company announced that it has engaged Fladgate Exploration Consulting Corporation ("Fladgate") to prepare an updated, independent resource calculation and technical report on the Goldenville Project.

- 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 February 24, 2017, the Company changed its name from Gonzaga Resources Ltd. to Osprey Gold Development Ltd.

Subsequent Events

- 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 433,920 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 16, 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 16, 2017 for additional information.

- On March 27, 2017, the Company acquired 24 diamond drill holes from an exploration program in carried out in 2014 by a former operator on the Goldenville Property located in Guysborough County, Nova Scotia. The drill holes have been stored in a secure facility by Maritime Diamond Drilling Ltd. since the conclusion of the drill program. They have never been logged in detail or sampled.

- 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 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 as previously announced.

SUMMARY OF QUARTERLY RESULTS

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

	28-Feb-17	**30-Nov-16**	**31-Aug-16**	**31-May-16**	**29-Feb-16**	**31-Nov-15**	**31-Aug-15**	**31-May-15**
Expenses/ (income)	$439,169	$41,499	$3,343	$3,383	$68,794	($18,713)	$12,162	$12,399
Loss for the period	$439,169	$41,499	$3,343	$3,383	$68,794	($18,713)	$12,162	$12,399
Weighted average shares outstanding	13,292,333	13,292,333	13,292,333	13,292,333	13,020,948	12,788,333	12,788,333	12,788,333
Loss per share	$0.03	$0.00	$0.00	$0.00	$0.01	($0.00)	$0.00	$0.00
Mineral property acquisition costs	-	-	-	-	-	-	-	-
Mineral property exploration costs / (recovery)	500	-	-	-	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.

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 26,332,333 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	350,000	January 25, 2022
Warrants	4,033,920	$	0.40	-	September 2, 2018

RESULTS OF OPERATIONS

Three months ended February 28, 2017 ("Q1 2017") compared with three months ended February 29, 2016 ("Q1 2016")

The loss for the three months ended February 28, 2017 was $439,169, compared with a net income of $68,794 for the three months ended February 29, 2016. Significant variances in expenses are explained as follows:

- Audit and accounting expense of $7,000 was incurred in Q1 2017 compared with $1,750 in Q1 2016. The increase was due to increased activity due to the acquisition of Crosby, the private placement and general increased activity;

- Legal expenses of $35,809 was incurred in Q1 2017 compared with $3,036 in Q1 2016. The increase was due to increased activity mentioned above;

- Consulting expense of $16,000 was incurred in Q1 2017 compared with $Nil in Q1 2016. These expenses relate to Cooper Quinn's monthly fee for services as President and Director;

- Investor relations expenses of $38,119 was incurred in Q1 2017 compared with $Nil in Q1 2016. The increase was due to general increased activity mentioned above; and

- Share-based compensation of $325,489 was incurred in Q1 2017 compared with $Nil in Q1 2016 due to 1,325,000 options that were 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.

<u>Working Capital</u>

As of February 28, 2017, the Company's working capital was $213,034 compared with $20,502 of working capital deficit as of November 30, 2016. The increase in working capital is mainly due to incurring $3,810 of operating expenses, offset by $347,216 net proceeds from the Private Placement (see Cash Generated by Financing Activities below).

<u>Cash</u>

On February 28, 2017, the Company had $359,162 of cash, compared with $15,756 of cash on November 30, 2016. The $343,406 increase in its cash position is mainly due to $349,000 in subscriptions received in advance from the Private Placement that closed on March 2, 2017.

<u>Cash Used in Operating Activities</u>

Cash used in the operating activities during the three months ended February 28, 2017 was $3,810. The Company incurred $439,169 of operating expenses, including non-cash share-based compensation of $325,489, which was offset by an increase in non-cash working capital by $118,884, comprising an increase in accounts payable and accrued liabilities of $114,377, a decrease in prepaid expenses of $1,228; and an increase in GST recoverable of $5,735.

Cash used in the operating activities during the three months ended February 29, 2016 was $63,684. The Company incurred $68,794 of operating expenses which was offset by a decrease in non-cash working capital by $5,110 due to an increase in accounts payable and accrued liabilities of $5,434 and a decrease in GST recoverable of $324.

<u>Cash Used in Investing Activities</u>

There were no investing activities during the three months ended February 28, 2017 and February 29, 2016.

Cash Generated by Financing Activities

During the three months ended February 28, 2017, the Company received $349,000 in subscriptions in advance and incurred $1,784 in share issuance costs in relation to the non-brokered private placement that closed on March 2, 2017.

During the three months ended February 29, 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 (the "Private Placement").

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 February 28, 2017, the Company had not achieved profitable operations, had an accumulated deficit of $1,393,152 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.

OFF BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

Related party transactions and balances are as follows:

Key management personnel:

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 includes executive and non-executive members of the Company's Board of Directors, corporate officers and a vice president. During the three months ended February 28, 2017 and February 29, 2016, officers and Board members were not paid or accrued any compensation.

During the three months ended February 28, 2017, the Company paid/accrued $6,000 (2016: $Nil) in consulting expense to Family Swing and $10,000 (2016: $Nil) in consulting expense to Cooper Quinn.

Included in payables is $6,300 due to Family Swing Holdings Inc. ("Family Swing"), a company controlled by Jeffrey Wilson, the CEO and Director of the Company (January 31, 2016 - $Nil) for consulting services as well as $17,240 due to Cooper Quinn, the President and Director of the Company, for technical and consulting fees.

Other related parties:

During the three months ended February 28, 2017, the Company paid/accrued $Nil (2016: $1,750) in accounting expense to CDM Capital Partners Inc., a company partially controlled by Darren Devine, the former CFO and Corporate Secretary of the Company.

PROPOSED TRANSACTIONS

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

CONTRACTURAL 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	$	359,162
Financial liabilities measured at amortized cost	$	152,047

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 February 28, 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 condensed interim financial statements of the Company for the three months ended February 28, 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 three months ended February 28, 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 three months ended February 28, 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

Mr. Brandon MacDonald, P.Geo., a Qualified Person under the meaning of Canadian National Instrument 43-101, a consultant to the Company, and is responsible for the technical content of this Management's Discussion and Analysis.

ADDITIONAL INFORMATION

For further detail, see the Company's condensed interim financial statements for the three months ended February 28, 2017. Additional information about the Company can also be found on www.sedar.com and on the Company's website www.ospreygold.com.

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