Prospero Silver Corp.

Management Discussion and Analysis

For the Quarter Ended September 30, 2019

DATE

For the quarter ended September 30, 2019.
This MD&A includes material occurring up to and including November 11, 2019.

INTRODUCTION

The following Management Discussion and Analysis ("MD&A") of the financial position of Prospero Silver Corp. ("Prospero" or the "Company") and its investment in Minera Fumarola S.A. de C.V. ("Fumarola" or "Subsidiary") and results of operations should be read in conjunction with the un-audited condensed interim consolidated financial statements and accompanying notes for the nine months ended September 30, 2019, (the "Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards, and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards board ("IASB"). Readers are also advised to read the Company's audited consolidated financial statements and accompanying notes for the year ended December 31, 2018, (the "Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards. Unless otherwise noted, all amounts in the financial statements and this discussion and analysis are expressed in Canadian dollars.

The Audit Committee of the Board of Directors of the Company has reviewed this document.

Forward Looking Statements

Forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Forward-looking statements may include words such as "plans", "intends", "anticipates", "should", "estimates", "expects", "believes", "indicates", "suggests" and similar expressions.

This MD&A contains forward-looking statements. These forward-looking statements are based on current expectations and certain estimates, factors and assumptions. They involve known and unknown risks, uncertainties and other factors. Any information concerning mineral resource estimates and the interpretation of drill results may be considered as a forward-looking statement, as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed.

Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements, include, but are not limited to, grade or recovery rates, commodity prices, operating or capital costs; availability of sufficient financing to fund planned or further required work in a timely manner and on acceptable terms; changes in project parameters as plans continue to be refined; failure of equipment or processes to operate as anticipated; and political, regulatory, environmental and other risks of the mining industry.

Subject to applicable laws, the Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason. The material assumptions that were applied in making the forward looking statements in this MD&A include, but are not limited to: any statements regarding estimated mineral resources and the accuracy of any current interpretation of drill and other exploration results; and execution of the

Company's existing plans or exploration programs for each of its properties, either of which may change due to changes in the views of the Company or if new information arises which makes it prudent to change such plans or programs.

For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please see "Risks and Uncertainties". In addition, readers are urged to review the conditions and risk factors relating to the Company's business and affairs as set out in the Company's final long-form prospectus dated November 27, 2009 which is available on SEDAR (www.sedar.com).

Description of Business

The Company is in the business of acquiring and exploring mineral resource properties to determine whether or not they contain economically recoverable resources. At June 30, 2019, the Company had mineral property interests located exclusively in Mexico and undergoing preliminary exploration.

The Company was listed for trading of its common shares on the TSX Venture Exchange ("TSX-V"), (the "Listing") on January 5, 2010 and commenced trading under the symbol PSL on the TSX-V.

To enable the conduct of business in Mexico the Company owns 100% of the shares in Minera Fumarola SA de CV, a company registered in Mexico. The Company records its investment in Fumarola on a fully-consolidated basis.

OVERALL PERFORMANCE

At this time, the Company does not own any operating mines and has no operating income/sales from mineral production. Funding for operations is raised through public and private share offerings and cash payments from Joint Venture partners. Future operations and the Company's ability to meet mineral property option commitments are dependent on the Company's ability to raise sufficient funding through share offerings or income from Joint Ventures or sale of properties to support current and future expenditures. At September 30, 2019, the Company had cash available of $133,152 (December 31, 2018 - $474,363).

Strategic financings to fund drilling. Commencing in May 2017 Fortuna Silver Mines Inc. ("Fortuna") entered into a series of strategic investments in the equity of the Company. The funding was intended for diamond drilling and project generation. Fortuna is a growth-oriented mid-tier precious metals producer with operations in Peru, Argentina and Mexico. A total of $2,569,571 was invested allowing Fortuna to own 15,460,951 Prospero shares.

In May 2018 the Company also completed two tranches of a non-brokered private placement to target more advanced project acquisition. A total of $1,009,680 was raised with the issue of 11,218,666 Prospero shares. Details of the investment tranches may be seen at refer note 10 to the financial statements.

The initial investment in May 2017, gave Fortuna an exclusive right on 9 named projects in the Company's project portfolio. Six of these previously undrilled projects were selected for short meterage diamond drilling programs which took place in two phases. The drilling totalled 9,100 metres and was completed in October 2018.

Only five projects were drilled under the Fortuna program because the Company experienced issues in obtaining mining titles timely and, in some cases, social activists prevented access to three key projects. The title and access issues were subsequently fixed.

In October 2018 the Company and Fortuna reviewed the results from the 5 projects and in November 2018 Fortuna selected Pachuca SE for an option to get a 70% joint venture interest. The Pachuca SE target lies about 20km southeast of the Vizcaina vein, one of the largest silver-rich epithermal veins globally.

The remaining 8 projects were released from the exclusivity agreement.

The May 2017 strategic investment had agreed terms defining how Fortuna could earn a 70% stake in a selected project and, on January 25, 2019 the Company announced that Fortuna exercised its right on Pachuca SE. The staged earn-in entailed a minimum spend on the project of US$1-million in the first year and a further US$2 –million by the end of year three to earn 51%. By spending a total of US$8 –million by the end of the 6th year Fortuna could earn 70% of a joint venture.

Under the earn-in option an additional 8 holes (5,933m) were drilled in 2019 at a large epithermal mineralized ore zone identified in the first staged drilling in 2018. Drill rigs were mobilized in mid-January 2019. Fortuna engaged Prospero's Mexican subsidiary (Minera Fumarola) to manage and staff the drilling program- as had been done on all earlier drilling. The drilling identified a fully preserved epithermal mineralized zone.

On September 12, 2019 Fortuna Silver Mines Inc. terminated the property option agreement. Fortuna has not earned an interest in the Pachuca SE property.

See note 6 to the un-audited condensed interim consolidated financial statements for the nine month period ended September 30, 2019.

Overall - Realization of the carrying value of mineral interests is dependent upon funding, the ability of the Company and third parties to bring mineral interests into profitable production, or recovery from sale.

During the nine month period ending September 30, 2019, the Company used $268,415 cash in operations (2018 - $769,016), spent $72,796 cash in investing activities (2018 - $1,396,811) and the Company had no financing activities (2018 – 2,129,882 generated).

The consolidated financial statements have been prepared on a "going concern basis", meaning the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of operations. A different reporting framework for measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future.

STRATEGIC REVIEW

Since 2017, a significant source of the Company's funding has been through a series of strategic investments by Fortuna Silver Mines Inc. ("Fortuna") in the equity of the Company. In November 2018 Fortuna exercised an option to earn up to a 70% joint venture interest in the Pachuca SE project by investing approximately US$8 million over a six year period on exploration at the property (further details of the agreement between the Company and Fortuna is outlined below). On September 27, 2019, Fortuna terminated the joint venture agreement on the Pachuca SE project.

As a result of the termination of the joint venture agreement the Company has initiated a strategic review of all of its properties and assets to determine the options available to the Company. Potential alternatives include, but are not limited to, new equity or debt financings, core and non-core asset sales, strategic investments and joint ventures, as well as the abandonment of properties. There can be no assurance that the strategic review will result in any transaction. The Company will provide further updates as required.

RECENT CORPORATE AND PROJECT UPDATE SUMMARY

- On September 28, 2019 the Company announced that Fortuna Silover terminated Pachuca SE Option Agreement. Fortuna has not earned an interest in the Pachuca SE property.
- On September 17, 2019 the Company provided drilling updates for the Pachuca SE Project identifying a fully preserved epithermal mineralized zone.

  Assay results received for the 8 holes drilled in 2019 (PSE-19-04 to 19-11). Drill highlights from the 2018 and 2019 drilling campaigns include:

  Drill highlights, 2018 / 2019

Hole No	From (m)	To (m)	Interval (m)*	Au g/t	Ag g/t
PSE 18-01	147.40	148.80	1.35	0.27	227.0
PSE-18-02	657.20	657.5	0.3	1.04	193.0
And	660.00	671.20	11.2	0.39	33.0
And	695.2	695.95	0.75	6.4	7.20
PSE-18-03	407.35	408.85	1.50	0.25	121.3
Including	408.00	40.8.20	0.20	1.74	870.0
PSE-19-05	781.50	782.28	0.78	0.02	83.2
PSE-19-08	437.85	439.35	1.50	0.28	46.2
PSE-19-09	524.60	525.00	0.40	0.49	23.5
PSE-19-10	600.20	600.55	0.35	1.69	675.0
PSE-19-11	593.40	595.20	1.80	0.58	143.8

  * True widths of most intersections vary from 60% to 83% of the intersected widths

  All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via www.sedar.com and readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties.

- During the three monthy period ending September 30, 2019 the Company received further money from Fortuna Silver Mines Inc., including the cash paid to the drillers, bringing the total cash received for the nine month period ending September 30, 2019 to $1,300,257 or US$978,225, which was spent on the Company's Pachuca SE project.

- During the three months period ending June 30, 2019 the Company received a further CAD $207,177 from Fortuna Silver Mines Inc., for managing the 2019 drilling program on Pachuca SE. This pursuant to the option agreement whereby Fortuna can earn up to a 70% interest in the Company's Pachuca South East Property located in Hidalgo State, Mexico.

- During February, 2019 the Company received CAD $225,660 from Fortuna Silver Mines Inc., for managing the 2019 drilling programo on Pachuca SE. This pursuant to the option agreement whereby Fortuna can earn up to a 70% interest in the Company's Pachuca South East Property located in Hidalgo State, Mexico.

- On February 12, 2019, the Company received TSX Venture Exchange acceptance of the option to Joint Venture agreement with Fortuna Silver Mines Inc., pursuant to which Fortuna can earn up to a 70% interest in the Company's Pachuca South East Property located in Hidalgo State, Mexico.

- On January 25, 2019 the Company reported that the Option agreement announced on December 10, 2018 with Fortuna Silver Mines Inc. was signed. The Option agreement constitutes a "related party transaction" as Fortuna holds in excess of 20% of the Company's outstanding common shares. A six hole, 5,500 meter program is underway to test a number of vein targets.

- On December 10, 2018 Fortuna Silver Mines exercised its right to be granted an option to acquire up to a 70% interest in the Pachuca SE Project, located close to the historic mining city of Pachuca in Hidalgo State, Mexico, by spending a total of US$8.0 million in qualifying expenditures and completing a preliminary economic assessment, with a mínimum spend of $1 million in the first year.

- On September 17, 2018 the Company reported the completion of a private placement financing with Fortuna Silver Mines Inc. ("Fortuna"). The offering consisted of the sale of 4,746,667 common shares of the Company for proceeds of CAD$356,000.

  The Company allocated the proceeds of the private placement to drill testing the Company's **Bermudez** project in Chihuahua State, Mexico. Drilling began at Bermudez in late August for a 3-hole (approximately 1,500m) diamond drill program.

- On September 10, 2018 the Company reported the Completion of the drilling of the **Buenavista** property and the issuance of 1,585,000 options.

  Eleven holes, totaling 2,811m of core drilling, were completed. All holes cut anomalous silver mineralization. Refer to the news release of September 10, 2018 for detailed results.

- On May 30, 2018 the Company reported the start of drilling at **Buenavista** Project, Durango State in Mexico. This being the fourth Project to be drilled under the terms of the second round of strategic investment with Fortuna Silver Mines Inc. As per the revised agreement and warrant exercise announcement.

- On May 28, 2018 the Company completed the second tranche of a non-brokered private placement consisting of 5,468,889 units at $0.09 per unit for gross proceeds of $492,200.

Each unit consists of one common share and one-half non-transferable share purchase warrant with one non-transferable share purchase warrant exercisable at a price of $0.16 per share for a period of 2 years. In connection with the financing, the Company paid fees of $1,035 cash and 11,500 finder's fee warrants.

- On May 23, 2018 the Company reported the completion of the first tranche of a non-brokered private placement consisting of 5,749,777 units at $0.09 per unit for gross proceeds of $517,480. Each unit consists of one common share and one-half non-transferable share purchase warrant with one non-transferable share purchase warrant exercisable at a price of $0.16 per share for a period of 2 years. In connection with the financing, the Company paid fees of $24,898 cash and issued 17,500 finder's fee warrants.

  The Company also reported that the Company issued 5,357,142 shares pursuant to the exercise of 5,357,142 warrants held by Fortuna Silver Mines Inc.at $0.15 for gross proceeds of $803,571.

- On May 9, 2018 the Company and Fortuna Silver Mines Inc. announced a revision of the 2018 work program and amended the strategic cooperation agreement. This new agreement included an agreement to reprice and exercise of Fortuna's 5,357,142 share purchase warrants to provide funding for the 2018 drill program. The three properties in the 6,000 metre drill program will be tested in the following order of priority: Buenavista, Bermudez and Trias.

  In conjunction with their revised technical approach to the 2018 drill program, the Company and Fortuna Silver Mines Inc. agreed to lower and amend and reprice the outstanding warrants at $0.15 per share on the condition that within three days of the exercise price reduction becomes effective, Fortuna would exercise their warrants for gross proceeds of $803,571 for the Company. TSX approved these amendments. The Company will later during the year raise a further US$570,000 or approximately CAD $730,000 based on the current exchange rate, by a further private placement subscribed only by Fortuna. In addition Fortuna Silver Mines Inc. agreed to a November 30, 2018 deadline to exercise its option rights to select up to two projects for option to joint venture agreements with the Company.

- On April 16, 2018 the Company announced a non-brokered private placement of up to 11.1 million units at a price of $0.09 per unit for gross proceeds of up to $1,000,000. Each unit consists of one common share and one-half of a non-transferable share purchase warrant exercisable within two years. Each whole warrant will entitle the holder to purchase one additional share at an exercise price of $0.16 per share. The net proceeds of the offering would be used for working capital, generative exploration programs and exploration expenditures on its existing portfolio in Mexico.

- In two separate news releases dated March 14 and March 29, 2018, the Company reported that all three holes drilled at Pachuca SE identified extensive mineralized structures with gold and silver bearing epithermal veins. Drilling has confirmed the presence of highly anomalous silver values in blind epithermal veining in three widely separated zones hosted by 7km of structures on the property. The project is within 25 km of one of the world's great silver-gold districts. The historic Pachuca-Real Del Monte mine produced over 1.2-billion ounces of silver. The next step at Pachuca SE will be a deeper drilling program.

- On January 10, 2018 the Company provided results for the first-stage reconnaissance drilling of its El Petate Project in Hidalgo State, Mexico. Twelve shallow holes were completed primarily to establish the structure and to allow for more accurate targeting of deeper mineralized zones. Holes No. 1, No. 9 and No. 11 highlighted interesting grades over width intervals of up to 24.9m, with unknown strike extent- indicating prospective deeper targets for a follow-up program.

- On November 8, 2017 the Company announced a drilling results for the El Petate Project. Twelve shallow holes were completed, primarily to establish structure. The initial holes in the Apartadero zone displayed the highest gold and silver anomalies at surface and hosted in extensive outcrops and float of steep to strata-bound jasperoid. Drill highlights include:

Hole No.	From (m)	To (m)	Interval (m)	Au g/t	Ag g/t
PET-17-01	81.9	85.3	3.4	3.5	1.6
PET-17-05	48.6	67.1	18.5	0.8	5.0

- On April 17, 2017 the Company announced a $1.5-million strategic investment from Fortuna Silver Mines Inc. ("Fortuna"), subject to TSX-V approval, Fortuna will purchase 5,357,142 units at $0.28 per unit. Each unit comprises one common share in the Company and one warrant entitling Fortuna to acquire one additional common share at $0.35 for a period of 36 months. The Company will allocate $1.2 million to drill testing three of the Company's existing six projects, and $300,000 will be allocated towards the Company's new project generation efforts in Mexico. The investment grants Fortuna the exclusive right (Initial Property Right), within 18 months, to enter into an option agreement with respect to an existing property (Selected Property) pursuant to which Fortuna has the option to earn a staged 70% interest in the Selected Property by spending US$8 million over 6 years and completing a Preliminary Economic Assessment on the project.

  If Fortuna exercises at least 4,017,856 Warrants at any time prior their expiry, Fortuna will be granted the right (Second Property Right) for eighteen (18) months after such exercise to option one additional Selected Property for a staged earn in of up to 70% by spending US$8 million over 6 years and completing a Preliminary Economic Assessment on the project.

Project summaries of most advanced projects

<u>Pachuca Southeast- Hidalgo State, Mexico</u>
A total of 7,735 m of drilling was completed over three widely separated areas on the 7,256 hectare Pachuca SE land package. The Company announced that it had discovered new gold and silver-bearing epithermal vein systems and confirmed the presence of highly anomalous silver values hosted by blind epithermal veining.

Indicative results as follows;-

No.	From (m)	To (m)	Interval (m)*	Au g/t	Ag g/t
PSE-18-01	147.40	148.75	1.35	0.27	227
PSE-18-02	657.2	657.5	0.30	1.04	193
PSE-18-02	660.0	671.2	11.2	0.39	33
PSE-18-02	695.2	695.95	0.75	5.89	72
PSE-18-03	408.0	408.20	0.20	1.74	870

*True widths are estimated to vary within 75% to 85% of intersected widths.

The Pachuca SE project consists of high-level epithermal-style alteration exposed in clay pits adjacent and on-strike from the historic Pachuca mining district. The anomalous geochemistry and clay alteration at Pachuca SE target are very similar to that seen in the Vizcaina structure above the historic Pachuca Mine. The Pachuca SE target has size potential. It displays strong hydrothermal alteration and a number of geochemical anomalies that have been identified associated with Pachuca-type epithermal deposit at depth. The targets will require additional drilling 200-400m below the present surface to further test the Pachuca style epithermal mineralization at depth.

Buenavista, Durango, Mexico

The project is located in the northwest sector of Durango State near the southern border with Chihuahua State, in the upper portions of Sierra Madre Occidental, and 20km south of Fresnillo, PLC's new mine, San Julian. 2,190m were previously drilled on the main Buenavista Vein indicating the presence of a mineralized zone with silver grades ranging from 136 to 258 g/t Ag; average widths 2.4m to 6m and extending to a depth of 250m.

The project area consisted of a conjugate set of NNW to NE trending rhyolite dikes and veins over an area 5km long and 2km wide. With drill-ready multiple targets that require exploration down to a deeper more favorable geologic level in the system. The Company entered into an option arrangement with Minera Altiplano and obtained a new drill permit for 21 permitted pads.

2,810m of new drilling was completed on May 23, 2018 in 11 holes. Pursuant to a technical review with Fortuna the Company decided not to continue at Buenavista. This project was fully impaired during the year ending December 31, 2018.

Bermudez, Chihuahua, Mexico

The project is located 17km from the town of Yecora.

The Company obtained drilling permits for 10 drill pads over the 2.5km strike length of outcropping high-level, low-sulphidation veins. A total of 1,575 meters were drilled from August 24 to October 4, 2018 with only weakly anamlous gold and silver intersecions.

This project was fully impaired during the year ending December 31, 2018.

El Petate- Hidalgo State, Mexico

The 6,868 hectare Petate property in Hidalgo State is located 30km northwest of the historic Pachuca-Real del Monte mining district and within a northwest trend of historic mines which include Zimapan (Hidalgo) and La Negra (Queretaro). High-level epithermal alteration is exposed over a 5x4 km area with highly anomalous gold and silver hosted in extensive outcrops and jasperoid. Five key drill-ready targets were identified in the Petate West and Petate East areas. A first stage reconnaissance drilling program was carried out on only 20% of the prospective targets.

Twelve shallow holes totaling 1,500m were completed in December 2017 primarily to establish structure and to allow for more accurate targeting of deeper mineralized zones. Holes 1, 5, 9, 11 and 12 highlighted interesting grades over intervals of up to 24.9m downhole with unknown strike extent.

Drill highlights include:

No.	From (m)	To (m)	Interval (m)	Au g/t	Ag g/t
PET-17-01	81.9	85.3	3.4	3.5	1.6
PET-17-05	46.6	67.1	18.5	0.8	5.0
PET-17-09	6.2	31.1	24.9	0.76	22.4
	43.8	56.4	12.6	0.51	Tr
PET-17-11	26.6	42.6	16.0	0.75	1.97
PET-17-12	66.0	69.9	3.9	1.18	3.71

The drilling program explored the near surface extensions of the outcropping gold-bearing jasperoids but to no more than 50 vertical meters below the present surface. This program showed that gold-silver mineralization continues at depth, both in long intervals with modest gold values, and higher grades in narrower intersections. The initial drill program was primarily focussed on defining structure and to shallow depths. A follow-up program of deeper drilling is required to test the gold bearing jasperoids at a more favorable geologic level estimated to be in the order of 200-300 vertical meters below the present surface.

The significant size of the silicified zones indicates that Petate is an extensive and robust mineralized system with excellent potential to host a replacement type deposit at depth. In addition to additional drilling on known targets, future work should test the potential for blind carbonate-replacement bodies of vein, manto and/or chimney type, containing Ag, Pb, Zn and ± Au similar to the Zimapan or Santa Eulalia polymetallic systems.

Santa Maria del Oro- Matorral

The Matorral project has over 7km of prospective structures on the 9,066 hectare claim. Drill permits were obtained in June 2017 for 20 drill pads in 3 different areas on Matorral to test for down-dip precious metal mineralization. Drill mobilisation commenced in June 2017.

On August 14, 2017 the Company reported that three out of four planned holes had been completed at the Matorral project. The Fortuna/Prospero technical committee decided to stop at hole No 3. Hole PMA-17-01 intersected 1.85m of 21 g/t Ag (from 170m), including 0.78m with 0.1 g/t Au and 32 g/t Ag, associated with illite alteration in the hanging wall of a quartz-feldspar porphyry dike. This intersection is 150 vertical meters below the mineralized zone of the North Matorral Pit which also occurs within the dike. Hole PMA-17-02 intersected weakly mineralized jasperoids 200 vertical meters below the present surface. A deeper drill hole below PMA-17-01 is required to test the Matorral system at a more favorable, deeper, geologic level.

Mineral interest details – all properties are in good standing

PACHUCA SE- Hidalgo State
The 7,256 hectare Pachuca SE claim is 24km SE of the city of Pachuca, Hidalgo. Infrastructure is excellent. HV power the Pachuca-Tulancingo freeway transect the the property.

Pachuca SE is on strike from the Pachuca-Real del Monte epithermal camps, one of the world's largest epithermal precious metal deposits which is reported to have produced roughly 80-million tonnes at an average grade of 500g/t Ag and 2.5g/t Au. The Pachuca SE system lies in a 5km x2km NW-SE elongated erosional window in a felsic volcanic pile. It was found during regional prospecting and mapping of the historic Pachuca mining district. Pits that were being mined for industrial clay yielded anomalous precious metal values and the Company's geologists noted the presence of epithermal style alteration associated with some major fault structures.

The local geology at Pachuca SE is typical of a high-level epithermal environment and appears similar to the high-level epithermal environment that overlies the historic Pachuca Mine veins. Epithermal-style argillic alteration is associated with anomalous Au, Ag and Zn geochemistry. The anomalous geochemistry and clay alteration at Pachuca SE are similar to that seen in the Vizcaina structure above the historic Real del Monte mine- an area that has been extensively mapped and sampled by Prospero's team.

A geochemical comparison of the maximum values obtained for precious metals, base metals, and pathfinder elements from the high-level Vizcaina structure at Pachuca and at Prospero's Pachuca SE is shown below:

LOCATION	Au (ppb)	Ag (ppm)	As (ppm)	Ba (ppm)	Hg (ppm)	Mo (ppm)	Sb (ppm)	Pb (ppm)	Zn (ppm)
Pachuca SE North Sector	610	2.99	93	2,490	0.15	44	5.18	55	5,290
Pachuca SE South Sector	45	0.82	209	3,780	1.19	561	5.23	36	306
Vizcaina high level	2	0.45	11	240	0.03	8	<2.00	13	144

1,800m of preliminary drilling was completed over three widely separated drill holes by March 2018

EL PETATE - Hidalgo State

The El Petate property is located 30km northwest of the historic Pachuca-Real del Monte mining district within a northwest trend of other historic deposits such as Zimapan (Hidalgo) and La Negra (Queretaro). The initial 6,000 hectare project was staked by Prospero in late 2012 (the "Plomosa" claim). Two additional claim petitions, the "Petate" claim (530 hectares), and the "Petate 2" claim (338 hectares) were filed in the SW corner during 2015.
Detailed mapping by the Company has resulted in division of the project area into two domains:-

- Petate West (~5km north-south) and
- Petate East (~2km north-south),

Each domain has distinct geological and geochemical signatures.

A total of 1,196 rock chip samples were collected within the Petate West and Petate East zones. Most samples, obtained along lengths of 1.0 to 1.5m, were either in outcrops or in jasperoid boulders and fragments within float.

There are two exploration targets at Petate:

- Shallow and deep gold mineralization hosted by steep (and possibly also strata-bound) jasperoids in the Petate West sector, and
- Shallow and deep silver mineralization hosted by manganese-rich, strata-bound reefs and mantos in the Petate East sector.

A preliminary program of twelve shallow holes totaling 1,500m was completed in December 2017 primarily to establish structure and to allow for more accurate targeting of deeper mineralized zones.

SANTA MARIA DEL ORO - Durango State

The Company staked 9,066 Hectares in 2012. The Matorral zone has a combined strike length of 7km of NW striking structures associated with the development of high-level epithermal silicification.

Extensive sampling of the Matorral target was completed between 2012 and 2014. A total of 400 rock-chip samples were obtained along 7km of structurally controlled high level silicification (reddish jasperoids). Anomalous multi-elemental geochemistry was obtained in precious metals (fractions of a ppm Au and 10-176 ppm Ag) and base metals returned Zinc at >1000´s ppm; Lead and Moly at >100 ppm; and Iron >10,000 ppm. Pathfinder elements of ~100 ppm Hg, ~100 ppm Sb and >1000 ppm As. The structural complexity, large size, and elevated geochemical anomalies of the Matorral target area suggest the system could represent the upper portions of a large productive ore zone at depth.

Drilling was completed in September 2017 at three drill sites on the 7Km Matorral hydrothermal system. The Northern Matorral zone exhibits the most striking geochemistry with assays up to 178 g/t Ag and up to 0.42 g/t Au. These are associated with multistage banded veins, and represent the best precious metal-bearing hot spot and the most immediate drill target to test the system at depth.

FINANCIAL SUMMARY

All financial data is presented in Canadian Dollars except where specifically mentioned differently.

SELECTED INFORMATION:

Operating

The Company had various financings during 2018, refer note 10 to the financial statements. These financings allowed the Company and Fortuna to test 5 previously undrilled properties. During 2018 the Company wrote off $1,199,800 as impairment of exploration and evaluation assets. Pursuant to the May 2018 subscription agreement, Fortuna elected to select Pachuca SE for an option to joint venture whereby Fortuna can acquire up to a 70% interest, by spending a total of US$8.0 million in qualifying expenditures and completing a preliminary economic assessment. This entails a minimum spend of $1 million in the first year. The Company also announced that on January 21, 2019 a drill rig had arrived on site and drilling had begun. For the period ending March 31, 2019 Fumarola received CAD $225,660 for managing and supervising the drilling. For the three month period ending June 30, 2019 Fumarola received a further CAD $207,177. During the nine month period ending September 30, 2019, including money paid to the drillers, CAD $1,300,257 or US$978,225 was received from Fortuna. On September 12, 2019 Fortuna Silver Mines Inc. has terminated the property option agreement. Fortuna has not earned an interest in the Pachuca SE property.

For the nine month period ending September 30, 2019 there was a net decrease in cash of $341,211 (2018 - $35,945).

RESULTS OF OPERATIONS

Net loss for the nine month period ended September 30, 2019 totaled $371,262 compared to a net loss of $789,757 for the same period during the prior year, reflecting an overall decrease in loss of $418,495. The current loss includes marketable security gain of $5,843 compared to $Nil in the prior period. Most of the line item decreases can be explained by conservative spending of the Company.

Significant line item changes were as follows:

- Stock based compensation of $21,754 decreased with $271,875 from the prior period due to decreased vesting schedules of stock options issued prior.
- Project investigation costs of $Nil decreased with $47,873 from the prior period due to a focus on the Fortuna drill program.
- Investor relation expenses decreased by $45,500 from $90,000 to $44,500.
- Directors' fees decreased by $43,000 from $103,500 to $60,000 due to cut backs.
- Foreign exchange expenses increased by $30,350 from $9,858 in the prior period to an expense of $40,208 due to exchange rate fluctuations.

Cash Flow analysis:

Operating activities

During the nine month period ended September 30, 2019 and 2018, cash used in operating activities was $268,415 and $769,016 respectively. Some of the major differences in spending were for the reasons as discussed above.

Investing activities

During the nine month period ended September 30, 2019 and 2018, cash used in investing activities was $72,796 and $1,396,811 respectively. The $1,300,257 cash received was from option proceeds on exploration and evaluation asset and the cash spent of $1,373,053 (2018 - $1,396,811) were spent on the exploration and evaluation assets as discussed in previous sections.

Financing activities

During the nine month period ended September 30, 2019 there were no financing activities (2018 - $2,129,882 raised).

SUMMARY OF QUARTERLY RESULTS

The summary of the Company's quarterly results is as follows:

Three Months Ended	Sep. 30 2019 $	Jun 30 2019 $	Mar 31 2019 $	Dec. 31 2018 $	Sep 30 2018 $	Jun 30 2018 $	Mar 31 2018 $	Dec. 31 2017 $
Total revenues	-	-	-	-	-	-	-	-
Net loss and comprehensive loss	(96,308)	(109,447)	(175,820)	(1,306,097)	(281,430)	(333,522)	(174,805)	(502,127)
Net loss per share – Basic and diluted	(0.00)	(0.00)	(0.00)	(0.02)	(0.00)	(0.01)	(0.01)	(0.01)

Discussion:

Increased exploration activity and operations caused increased losses, as the Company has no revenue. Other losses can be caused by write-downs or write-offs of carrying values of impaired mineral assets. The third quarter of 2019 shows decreased losses due to cut-backs in an attempt to preserve cash. The second quarter of 2019 show decreased spending due to active cut-backs and attempts to preserve cash. The fourth quarter of 2018 shows increased losses due to the impairment write-down of $1,199,800 of assets. The second quarter of 2018 shows increased losses of $136,739 due to the non-cash vesting of stock-options issued in the prior year. The fourth quarter of 2017 shows increased losses of $304,833 due to the non-cash vesting of stock options issued six months earlier. The operating results of junior exploration companies are capable of demonstrating wide variations from period to period. Management does not believe that other meaningful information can be derived from analysis of quarterly fluctuations in more detail than presented above.

LIQUIDITY

At September 30, 2019, the Company had cash of $133,152 (December 31, 2018 - $474,363) which management considers being insufficient to continue operations for the coming year. However, in the longer term, in order to continue operations, and in particular, to fund ongoing expenditure commitments listed below and in note 6 to the un-audited condensed interim consolidated financial statements, the Company will need to raise additional capital. The Company will finance operating costs during the next twelve months by private placement of common shares, exercise of warrants, exercise of options, asset sales or with loans or loans from directors and companies controlled by directors and option payments. There is a risk that the Company will not be able to secure sufficient working capital to continue as a going concern because of an inability to obtain external financing or an inability to sell its assets in order to meet its obligations as they become due.

Fortuna Silver Mines exercised its right to be granted an option to acquire up to a 70% interest in the Pachuca SE Project, located close to the historic mining city of Pachuca in Hidalgo State, Mexico, by spending a total of US$8.0 million in qualifying expenditures and completing a preliminary economic assessment, with a minimum spend of $1 million in the first year. During the nine month period ending September 30, 2019, including money paid to the drillers, CAD $1,300,257 or US$978,225 was received from Fortuna. On September 12, 2019 Fortuna Silver Mines Inc. terminated the property option agreement. Fortuna has not earned an interest in the Pachuca SE property.

CAPITAL RESOURCES AND EXPLORATION EXPENDITURE COMMITMENTS

As at September 30, 2019, the Company had working capital of $134,323 (December 31, 2018 - $535,842) that consisted primarily of cash of $133,152 (December 31, 2018 - $474,363), receivables of $10,234 (December 31, 2018 - $27,891) and accounts payable and accrued liabilities of $53,310 (December 31, 2018 - $52,825).

EXPLORATION EXPENDITURES

During the nine month period ending September 30, 2019 the Company spent a total of $1,373,053 (2018 - $1,396,811) cash on exploration and evaluation of assets. All expenditures on exploration properties totaled $1,385,326 (2018 - $1,302,782).The majority of the work during the period, where the Company concentrated its efforts on the Pachuca SE property, where $1,311,502 was spent. Full details on exploration expenditures are disclosed in Note 6 accompanying the un-audited condensed interim consolidated financial statements for the nine month period ended September 30, 2019.

Contingent obligations and commitments

As of the date of this MD&A, the Company had contingent obligations to maintain the existing properties as set out in note 6 to the un-audited condensed interim consolidated financial statements dated September 30, 2019.

OFF BALANCE SHEET ARRANGEMENTS:

The Company has no off-balance sheet arrangements that would potentially affect current or future operations, or the financial condition of the Company.

TRANSACTIONS WITH RELATED PARTIES

Related party transactions have occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. For details of related party transactions, the reader is directed to Note 12 and comments included in the un-audited condensed interim consolidated financial statements for the nine months ended September 30, 2019. Additional details are as follows:

As at September 30, 2019 a total amount of $11,428 (December 31, 2018 - $16,064) was due to Directors and Companies controlled by directors and officers of the Company. The amount is unsecured, non-interest bearing and has no fixed date of repayment.

Directors fees were $60,000 (2018 - $103,500) for the nine months ending September 30, 2019 and 2018. A company officer and director received $82,747 (2018 - $69,977) for geological and administrative services. Companies controlled by directors of the Company received $29,988 (2018 - $46,100) for geological and administrative services, which are included in deferred exploration services. A company controlled by an officer of the Company received $44,500 (2018 - $90,000) for investor relations services. Stock-based compensation of $24,367 (2018 - $318,148) were recorded as vesting for options issued during prior periods.

Share transactions

Following the September 17, 2018, private placement, with Fortuna as the only subscriber, consisting of 4,746,667 common shares for gross proceeds of $356,000, Fortuna owned an aggregate of 15,460,951 shares in Prospero, or approximately 26.9% of the Company's issued share capital. Fortuna's participation in this private placement is considered to be a related party transaction.

During the nine month period ending September 30, 2019 the Company issued shares with a fair value of $Nil (During the year ending December 31, 2018 - $18,000) pursuant to its mineral interest acquisitions.

Property acquisitions and option agreements with related parties

Fumarola

A Company director and officer is also a Fumarola director and officer.

ii) Mineral Property Interest Acquisitions

The Baborigame property was acquired under an option agreement with Terciario. An officer, director and shareholder of Terciario is also an officer, director and shareholder of the Company.

Additional information can be found in the news releases by visiting the Company's website at http://www.prosperosilver.comand by accessing the Company's news releases and filings on the SEDAR website: www.sedar.com.

CRITICAL ACCOUNTING ESTIMATES

The accounting estimates considered to be significant to the Company are the carrying value of mineral property interests including acquisition costs and deferred exploration expenditures.

Management reviews the carrying values of mineral property interests on a periodic basis and recognizes impairment in value based upon: current evaluation results; the prospect of further work being carried out by the Company on each particular property; the assessment of future probability of profitable operations from the property; or, from the sale of the property. Amounts shown for mineral property interests represent costs incurred net of write-downs and recoveries and are not intended to represent present or future values.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

These un-audited condensed interim consolidated financial statements for the nine month period ending September 30, 2019 have been prepared using the same accounting policies as described in the audited consolidated annual financial statements for the year ended December 31, 2018.

Accounting standards issued

The following are accounting standards anticipated to be effective January 1, 2018 or later:

(i) Change in accounting policies – Financial Instruments

IFRS 9 – Financial Instruments IFRS 9 replaces the current IAS39 - Financial Instruments Recognition and Measurement. The standard intends to reduce the complexity in the classification and measurement of financial instruments. The effective date for IFRS 9 is January 1, 2018.

The Company adopted all of the requirements of IFRS 9 *Financial Instruments* ("IFRS 9") as of January 1, 2018. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. For further details, please see the annual consolidated financial statements for the year ending December 31, 2018.

Accounting standards issued but not yet applied

(ii) IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaced IAS 18 *Revenue*, IAS 11 *Construction Contracts*, and related interpretations on revenue. IFRS 15 establishes a single five-step model for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. Application of the standard is mandatory for annual periods beginning on or after January 1, 2018, with early application permitted. As the Company has no revenue, there was no impact on the Company's consolidated financial statements.

(iii) IFRS 16 Leases

IFRS 16 will replace IAS 17 *Leases*. IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring 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. Application of the standard is mandatory for annual periods beginning on or after January 1, 2019, with early application permitted. IFRS 16 will result in an increase in assets and liabilities as fewer lease payments will be expensed. Management do not expect any change in depreciation expenses or changes in cash flow from operating activities as these lease payments will be recorded as financing outflows in the consolidated statements of cash flows. Currently, no impacts are expected as the Company do not have any leases.

There are no other IFRS or International Financial Reporting Interpretations Committee interpretations that are not yet effective that would be expected to have a material impact on the Company's consolidated financial statements.

RECENT ACCOUNTING PRONOUNCEMENTS & FUTURE ACCOUNTING POLICIES

Accounting standards issued but which have not yet been adopted

Adoption and assessment of impact

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

RISK FACTORS

Risks and uncertainties

Exploration for mineral resources involves a high degree of risk. The cost of conducting programs may be substantial and the likelihood of success is difficult to assess. The Company attempts to mitigate its exploration risk by maintaining a diversified portfolio that includes several metal commodity targets in a number of favorable geologic and political environments.

Exploration is presently conducted exclusively in Mexico which exposes the Company to risks that may not otherwise be experienced if all operations were domestic. Political risks may adversely affect the Company's existing assets and operations. Real and perceived political risk in some countries may also affect the Company's ability to finance exploration programs and future mine development opportunities.

Financial instruments

The Company's financial instruments consist of cash, receivables, accounts payable and marketable securities. Cash consists of bank deposits. The Company has no asset backed commercial paper. The fair values of the financial instruments approximate their amortized cost value due to their short-term nature. The majority of the Company's cash is held through a major Canadian chartered bank. The Company also maintains deposits for ongoing working capital at large banks in the jurisdiction in which its foreign subsidiary operates.

A portion of the Company's financial assets and liabilities is denominated in foreign currencies giving rise to risks from changes in foreign exchange rates. The Company is exposed to currency exchange rate risks to the extent of its activities in Mexico. The Company's currency risk is presently limited to its financial assets and liabilities denominated in Mexican pesos. Based on this exposure as at September 30, 2019, a 10% change in exchange rates would give rise to an immaterial change in net loss and comprehensive loss. The Company does not use derivative financial instruments to reduce its foreign exchange exposure.

OUTSTANDING SHARE CAPITAL

At November 11, 2019, the Company had the following number of securities outstanding:

Securities	Number	Exercise Price	Expiry Date
Common shares issued and outstanding	57,471,879	N/A	N/A
Share purchase warrants	10,964,787	$0.10 to $0.16	January 20, 2020 to December 03, 2020
Share purchase options	4,745,000	$0.05 to $0.30	March 04, 2021 to September 06, 2023
Fully diluted share Capital	73,181,666	N/A	N/A

ADDITIONAL INFORMATION

Additional information relating to the Company's operations and activities can be found by visiting the Company's website at http://www.prosperosilver.comand by accessing the Company's news releases and filings on the SEDAR website: www.sedar.com.

All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via www.sedar.com and readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties.

DISCLAIMER

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed on SEDAR (www.SEDAR.com) No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.