



**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the three and nine months ended  
September 30, 2022 and October 31, 2021

## **PRIME MINING CORP.**

### Management's Discussion and Analysis

For the three and nine months ended September 30, 2022 and October 31, 2021

(In Canadian dollars, except where noted)

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*The following is management's discussion and analysis ("MD&A") of Prime Mining Corp. together with its wholly owned subsidiaries (the "Company" or "Prime"), is prepared as of November 3, 2022, and relates to the financial condition and results of operations for the three and nine months ended September 30, 2022 and October 31, 2021. Past performance may not be indicative of future performance. This MD&A should be read in conjunction with the condensed interim consolidated financial statements ("interim financial statements") and related notes for the three and nine months ended September 30, 2022 and October 31, 2021, which have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting using accounting consistent with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). As such, the interim financial statements do not contain all the disclosures required by IFRS for annual financial statements and should be read in conjunction with the Company's audited annual consolidated financial statements for the eight months ended December 31, 2021 and year ended April 30, 2021 ("annual financial statements").*

*During the eight months ended December 31, 2021, the Company changed its fiscal year end from April 30 to December 31. The comparative period is the three and nine months ended October 31, 2021 which are also referred to as "prior year quarter" and "prior period," respectively. All amounts are presented in Canadian dollars, the Company's presentation currency, unless otherwise stated. References to "US\$" and "MXN" are to United States dollars and Mexican pesos, respectively.*

*Certain information contained in this MD&A may constitute forward-looking statements. Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. Refer to the "Risks and Uncertainties" and "Cautionary Note Regarding Forward-Looking Statements" sections of this document.*

## **OVERVIEW OF THE BUSINESS**

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The Company was incorporated on May 14, 1981 in British Columbia. Prime is a reporting issuer in British Columbia and Alberta, and a Tier 2 issuer on the TSX Venture Exchange ("TSX-V"). The Company's head office and principal place of business is located at Suite 710 - 1030 West Georgia Street, Vancouver, BC, V6E 2Y3. The Company has wholly owned subsidiaries in Suriname, Mexico and Barbados although only the Mexican subsidiaries are active. The Company is focused on advancing gold exploration properties in Mexico with the potential to be brought to near-term production.

The Company's common shares are traded on the TSX-V under the symbol "PRYM", on the Frankfurt Stock Exchange under the symbol "O4V3" and on the OTCQB market under the symbol "PRMNF".

As Prime works to advance the Los Reyes Gold and Silver Project ("Los Reyes" or the "Los Reyes Project"), the Company's focus is on three areas:

- 1) health and safety of our team and the communities we work in;
- 2) use of resources to create maximum value at Los Reyes; and
- 3) corporate responsibility and governance.

During the nine months ended September 30, 2022, the Company has seen progress in all three areas with continued emphasis on operating under appropriate covid-19 guidelines, strengthened exploration team performance and advances in our corporate administration.

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**Los Reyes Gold and Silver Project**

Located 43 kilometres south-east of the mining centre of Cosala, Sinaloa, Los Reyes has a mining history that stretches back into the 1700s and has seen small-scale mining activity as recently as the 1980s. In the 1990s, Northern Crown Mines Ltd. explored the property, drilling 381 reverse circulation holes and commissioned a resource estimate and prefeasibility study on the Zapote deposit. Los Reyes was returned to the original concession holders in the early 2000s. Vista Gold Corp. ("Vista Gold") reassembled the land package and drilled 48 core holes in several of the deposits. Vista Gold also completed metallurgical test work and had a resource estimate calculated and a preliminary economic assessment made. Great Panther Silver Ltd optioned the property in 2014, through the acquisition of CanGold Ltd., and drilled 41 core holes in 2015. Minera Alamos Inc. ("MAI") optioned the property from Vista Gold in 2017. Prime acquired the option from MAI in 2019 and began a surface exploration program of mapping, trenching and roadcut channel sampling. Prime subsequently exercised the option with Vista Gold in 2020.

The Company believes that the Los Reyes Project is an overlooked, underexplored, low-sulphidation epithermal gold-silver project located in a prolific mining region of Mexico. Previous operators completed various prefeasibility studies yet held back from development due to then-prevailing declining gold prices. The Company further believes that work that has been completed has provided sufficient understanding of existing resources to allow Los Reyes to be fast-tracked to production. However, Los Reyes holds gold and silver exploration optionality. It is a large epithermal system with the bulk of historic exploration conducted over less than 40% of the known structures leaving significant opportunity to expand known resources.

**COVID-19**

The Company is at the exploration stage and while individuals working for the Company may contract covid-19, the business operation is unlikely to be materially affected in the short term. The Company does not rely on specific materials, laboratories or suppliers. It is quite possible however, that exploration activities could be delayed by covid-19 and travel restrictions could limit the ability of non-Mexico-based managers to be on-site in Mexico. However, management does not believe that such delays will have a material bearing on progress on the Company's exploration program.

The Company will need to raise funds to continue exploration and, if warranted, development of its properties. As a result of covid-19's adverse effect on financial markets, this could manifest itself in the Company having difficulty in financing longer-term activities. At this date, it is not possible to determine what affect, if any, covid-19 will have on the ability of the Company to finance its development.

**HIGHLIGHTS AND KEY DEVELOPMENTS****Los Reyes Project**

The Phase 2 drill program commenced November 1, 2021. The Company had drilled 74,216 m in 259 core and reverse circulation drill holes in the Phase 2 drill program and up to eight core drills and one reverse circulation drill had been in operation. Currently, five core drills are in operation. Refer to the Outlook section below for details pertaining to the achieved objectives of the Phase 2 drill program and planned objectives of the Phase 3 drill program.

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**Exploration activities during the three months ended September 30, 2022**

During July 2022, the Company reported results from eight drill holes at the San Miguel East deposit, which were drilled down dip of the known structure at depth. All eight encountered mineralization with seven of the eight extending mineralization beyond the current historic resource. The southernmost hole, 22SME-11, which returned 2.72 grams per tonne ("gpt") gold ("Au") and 129.8 gpt silver ("Ag") within an 18 m intercept (16.9 m estimated true width, "etw"), was intersected outside the previously reported pit-constrained resource. The deposit is open along strike to the southeast from this drill hole with potential to expand the San Miguel East deposit and connect it with the nearby Noche Buena deposit.

In September 2022, the Company reported drill results from 42 in-fill and step-out drill holes in Guadalupe East area. In the northwest of Guadalupe East, 13 drill holes have encountered gold-silver mineralization, many with high-grade and multiple vein intercepts per hole. Additionally, in the southeast, 26 holes have intercepted the main Estaca vein system with several holes well beyond the limits of the current 2020 pit-constrained resource pit. Thirteen of the new holes released intersected mineralization in splays roughly perpendicular to the main vein systems.

Ten of these mineralized intercepts were outside the historic resource pit. Six of these ten drill holes intersected high-grade gold and silver mineralization below the current pit-constrained resource elevation. Four of the ten holes were step-out holes and covered over 300 metres of strike length to the east of the pit-constrained resource. Hole 22GE-68 encountered gold-silver mineralized down at 440 masl, the deepest mineralization yet encountered at Guadalupe which is still open at depth and along strike in both directions.

Examples of the mineralization from this drilling include drill hole 22GE-73 which returned 5.01 gpt Au and 328.1 gpt Ag over 3.7 (1.9 m etw); drill hole 22GE-72 which returned 1.65 gpt Au and 235.9 gpt Ag over 13.8 m (13.5 m etw), plus 0.95 gpt Au and 124.5 gpt Ag over 6.1 m (6.0 m etw), plus 2.52 gpt Au and 365.0 gpt Ag over 1.5 m etw; and 22GE-105 which returned 1.46 gpt Au and 56.3 gpt Ag over 21.1 m (14.4 m etw), plus 1.01 gpt Au and 67.2 gpt Ag over 1.6 m (1.5 m etw).

**Exploration activities subsequent to September 30, 2022**

In October 2022, the Company reported results from 5 step-out drill holes at the southern end of the Z-T deposit. These drill holes were designed to demonstrate mineralization continuity between Zapote South and Tahonitas. Drilling continues to successfully delineate and expand open-pit resources and has identified additional potential for underground resources. Two new high-grade mineralized chutes have been discovered between the previously reported Zapote South and Tahonitas pit shells outlined in the Technical Report dated April 2, 2020. Both mineralized chutes are open for expansion down plunge.

Drill hole 22TA-39 returned 2.36 gpt Au and 177.8 gpt Ag over 20.5 m (13.2 m etw) and 0.91 gpt Au and 139.0 gpt Ag over 11.5 m (7.4 m etw) and 1.39 gpt Au and 12.7 gpt Ag over 6.0 m (3.9 m etw). Drill hole 22TA-32 returned 3.86 gpt Au and 88.5 gpt Ag over 11.2 m (5.6 m etw), including 9.24 gpt Au and 223.0 gpt Ag over 4.25 m (2.1 m etw), and 2.70 gpt Au and 333.04 gpt Ag over 1.5 m (0.8 m etw).

Additionally, during October 2022, the Company reported results from 16 drill holes from the Guadalupe East area. Seven of these holes are considered step-out, intersecting high-grade mineralization outside of the April 2020 pit-constrained resource shell. Drilling continues to identify multiple new high-grade mineralized intercepts along the Estaca Vein. Drilling is also defining new areas of mineralization inside the current boundaries of the April 2020 resource that were previously classified as waste. Drilling has been successful in delineating a cluster of high-grade mineralized Estaca vein splays in the main Guadalupe deposit, outside of the Estaca Vein. For example, holes 22GE-101 and 22GE-106 intersected multiple mineralized zones ranging from 2m to over 17m estimated true width in the hanging wall of the Estaca Vein. Highlighted intersections included 27.9 gpt Au and 509.0 gpt Ag over 2.3 m (2.2 m

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etw) in hole 22GE-101; 23.2 gpt Au and 2,550.0 gpt Ag over 1.5 m (0.6 m etw) and 6.08 gpt Au and 913.0 gpt Ag over 4.4 m (1.9 m etw) in 22GE-116; and 10.5 gpt Au and 284.0 gpt Ag over 1.8 m (1.8 m etw) in hole 22GE-106.

**News releases with supporting technical data**

Refer to the following news releases, published on SEDAR, for additional technical data:

- *"Prime Intercepts 2.7 gpt Au and 130 gpt Ag over 18 Metres in Step-Out Drilling at San Miguel East"* dated July 18, 2022.
- *"Prime Extends Guadalupe at Depth and Along Strike with Multiple Thick High-Grade Gold-Silver Intercepts"* dated September 7, 2022.
- *"Prime Intercepts 2.36 gpt Au and 178 gpt Ag over 20.5 Metres in Step-out Drilling at Z-T"* dated October 11, 2022.
- *"Prime Drills Several Bonanza Grade Intercepts in Guadalupe including 27.9 gpt Au and 509 gpt Ag over 2.3 Metres"* dated October 24, 2022.

**Expenditures**

Project expenditures during the three and nine months ended September 30, 2022 and October 31, 2021, are summarized as follows:

	Three months ended		Nine months ended	
	September 30, 2022	October 31, 2021	September 30, 2022	October 31, 2021
Drilling	\$ 1,891,276	\$ 1,070,212	\$ 7,533,488	\$ 3,863,449
Salaries and personnel	806,328	821,340	2,251,030	1,609,364
Resource assaying, estimation, and technical services	596,054	247,740	2,279,225	1,205,811
Equipment and field supplies	289,893	130,792	1,273,716	401,781
Land payments and maintenance	81,790	-	219,092	78,207
General and administrative	91,839	84,919	187,532	291,859
	\$ 3,757,180	\$ 2,355,003	\$ 13,744,083	\$ 7,450,471

*Three months ended September 30, 2022 compared to the three months ended October 31, 2021*

Drilling increased to \$1,891,276 compared to \$1,070,212 during the prior year quarter. During the current quarter, additional drill rigs were operating at the Los Reyes Project. Additionally, more metres were drilled compared to the prior year quarter.

Salaries and personnel decreased to \$806,328 compared to \$821,340 during the prior year quarter. There was a comparable number of employees and contractors engaged to advance the Los Reyes Project.

Resource estimation and technical services increased to \$596,054 compared to \$247,740 during the prior year quarter. Following the commencement of the Phase 2 drill program, more technical advisory and laboratory expenditures were incurred as a result of the increase in metres drilled. Additionally, more metallurgical testing was completed.

Equipment and field supplies increased to \$289,893 compared to \$130,792 during the prior year quarter. The increase is due to increased activities at the Los Reyes Project. Additionally, increased field supplies, such as core boxes, were required as a result of increased meters drilled.

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*Nine months ended September 30, 2022 compared to the nine months ended October 31, 2021*

Drilling increased to \$7,533,488 compared to \$3,863,449 during the prior period. During the current period, additional drill rigs were operating at the Los Reyes Project. Additionally, more metres were drilled compared to the prior period.

Salaries and personnel increased to \$2,251,030 compared to \$1,609,364 during the prior period. Additional employees and contractors were engaged to advance the Los Reyes Project. Additionally, the Company added more senior management for their technical expertise and project management capabilities.

Resource estimation and technical services increased to \$2,279,225 compared to \$1,205,811 during the prior period. Following the commencement of the Phase 2 drill program, more technical advisory and laboratory expenditures were incurred to align with the increased metres drilled. Additionally, more metallurgical testing was completed.

Equipment and field supplies increased to \$1,273,716 compared to \$401,781 during the prior period. The increase is due to increased employees and activities at the Los Reyes Project. Additionally, increased field supplies, such as core boxes, were required as a result of increased meters drilled.

Project expenditures since acquisition, are summarized as follows:

	<b>Total</b>
Drilling	<b>\$ 12,907,904</b>
Salaries and personnel	<b>5,415,921</b>
Resource assaying, estimation, and technical services	<b>4,472,987</b>
Equipment and field supplies	<b>2,349,775</b>
Land payments and maintenance	<b>672,254</b>
General and administrative	<b>825,876</b>
	<b>\$ 26,644,717</b>

**Resource estimate**

In August 2019, Prime initiated a major surface mapping, outcrop trenching, and chip sampling program over eight known gold-silver deposits at Los Reyes. On April 2, 2020, Prime announced an updated pit constrained mineral resource estimate ("Updated Resource"), prepared by Stantec Consulting Ltd. ("Stantec") for the Los Reyes Project. The new pit constrained resource (at 0.22 g/t Au cut-off) comprised 19.8 million tonnes measured and indicated resources (633,000 ounces contained gold at 1.00 g/t and 16.6 million ounces contained silver at 26.2 g/t) and an additional 7.1 million tonnes (179,000 ounces contained gold at 0.78 g/t and 7.8 million ounces contained silver at 29.9 g/t) of inferred material. The updated resource estimate increased the total oxide material and upgraded the material to higher estimation categories.

Additionally, Stantec provided sensitivities to cut-off grade within the pit allowing for a comparison to the historic global resource estimate by Vista in 2012, which was calculated at a 0.5 g/t Au cut-off. Comparing estimates at the same cut-off, measured and indicated resources increased by 74% from 6.8 mt to 11.8 mt and inferred material increased 25% from 3.2 mt to 4.0 mt. Measured and indicated contained gold increased by 44% from 380,655 ounces to 546,000 ounces, while inferred gold decreased by 8%, from 156,000 ounces to 144,000 ounces. Measured and indicated silver increased by 100% from 6,315,000 ounces to 12,912,000 ounces and inferred silver increased by 50% from 3,640,000 to 5,456,000 ounces.

Refer to "Stantec, Technical Report, Los Reyes Property, Sinaloa, Mexico, report date April 2, 2020", dated effective March 24, 2020 and published on SEDAR for complete details regarding the Updated Resource.

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**Corporate****Management**

During August 2022, the Company appointed:

- Mr. Scott Hicks as Executive Vice President;
- Mr. Andrew Bowering will continue as an executive advisor to the company and remains a member of the board of directors.

**Stock options**

During August 2022, stock options were granted to purchase up to 875,000 common shares at a price of \$2.05 per share. The stock options granted have a five-year life and vest one-third six months from the date of grant, one-third 12 months from the grant date and one-third 18 months from the grant date.

**Restricted share units**

During August 2022, restricted share units ("RSUs") were granted to acquire up to 400,000 common shares. The units vest in equal tranches on the first, second and third anniversary of the grant date. After the first anniversary, if the Company's share price reaches a 30-day VWAP of \$3.00 for the second third of unvested RSUs and \$4.00 for the final third of unvested RSUs then the remaining vesting shall be accelerated and the respective RSUs shall become vested on the last day of the appropriate 30-day period.

**Consulting agreement**

In September 2022, the Company renewed a services agreement between Trinity Advisors Corporation for a 2-year term expiring June 8, 2024. Pursuant to the agreement, the Company is required to pay a fee of \$112,500 every six months during the term of the agreement, with the first payment occurring on or before December 8, 2022. The fee will be entirely satisfied through the issuance of units (each, a "Unit") of the Company at a deemed price equivalent to the discounted market price on the TSX-V immediately prior to issuance. Each Unit will consist of one common share of the Company and one common share purchase warrant, with each Warrant being exercisable for one common share of the Company for a period of three years at an exercise price equivalent to a 20% premium to the last closing price of the common shares of the Company immediately prior to the issuance of the Units, subject to such minimum pricing as may be permitted by the policies of the TSX-V.

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### **OUTLOOK**

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The Phase 2 drill program concluded on October 31, 2022 and achieved the upward revised target which exceeded 72,000 m. Phase 2 utilized up to eight core drills and one reverse circulation, the number of rigs was reduced during the rainy season and there are now five core rigs at site. Drilling results have been good with an expected expansion of the mineral resource compared to the historic resource estimate completed in April 2020. A new mineral resource estimate is planned for release during the first half of calendar 2023. Phase 3 will commence November 1, 2022 with a planned minimum 45,000 m in over 195 drill holes. Phase 3 will utilize a combination of up to eight core drills and up to three reverse circulation drills. Reverse circulation rigs will be used, where infrastructure permits, to accelerate the rate of in-fill drilling and resource definition. Permits are in hand for construction of Phase 3 roads and drill pads.

#### **Phase 2 – Principal Objectives Achieved**

1. Expanded resources along the three main corridors of known open-pit mineralization, followed up on previously reported high-grade areas in Phase 1:
  - Guadalupe Structure – drilling targeted new areas of bonanza-grade mineralization, including significant step-out drill holes to the southeast;
  - Z-T Structure – drilling connected deposits and expanded higher-grade areas to depth; and,
  - Central Zone Structure – including San Miguel West, San Miguel East and Noche Buena, tested the individual deposits to expand them to collectively form larger pits as well as to assess the depth potential.
2. Complete first pass testing of newly developed targets:
  - Last year's technical program led to the development of several high potential targets within an approximate 5 km radius of the main mineralized corridors at Los Reyes;
  - Drill testing included priority targets Mina 20/21, Mariposa, Fresnillo, and the El Orito trends: and,
3. Resume surface mapping and sampling:
  - Phase 2 prospecting, mapping, and sampling has led to the development of new targets that will be targeted in Phase 3.

The Company continues to analyze the drill results for Phase 2. Assaying is underway pertaining to samples obtained during October 2022. A further summary of results and conclusions reached regarding Phase 2 is forthcoming.

#### **Phase 3 – Planning and Principal Objectives**

Phase 3 commenced on November 1, 2022. The Company continues planning activities.

The Phase 3 drill program has a planned minimum 45,000 m in over 195 drill holes. Phase 3 principal objectives are as follows:

1. Continue expanding resources along the three main corridors of known open-pit mineralization, following up on previously reported high-grade areas in Phase 1 and 2:
  - Guadalupe Structure – drilling will target new areas of bonanza-grade mineralization, including significant step-out drill holes to the southeast;
  - Z-T Structure – will be drilled along strike and to expand higher-grade areas to depth; and,
  - Central Zone Structure – will test the individual deposits to expand them to collectively form larger pits as well as to assess the depth potential in this under-explored area.



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2. Complete first pass testing of newly developed targets:
  - o Last year's technical program led to the development of several high potential targets within an approximate 5 km radius of the main mineralized corridors at Los Reyes;
  - o Drill testing will include high priority targets Mina 20/21, Mariposa, Las Primas, Fresnillo, El Tule and others on the two parallel El Orito trends: and,
3. Continue surface mapping and sampling:
  - o Phase 1 and 2 prospecting, mapping, and sampling that led to the development of new targets will continue in Phase 3.

In order for the Company to achieve all of the objectives of the Phase 3 drill program, additional funds will need to be raised.

**QUARTERLY RESULTS****Quarterly results**

	Three months ended			Two months ended
	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
Loss for the period	\$ (5,891,219)	\$ (7,063,916)	\$ (8,038,370)	\$ (4,650,295)
Loss per share – basic and diluted	(0.05)	(0.06)	(0.07)	(0.04)
Total assets	23,648,743	28,552,940	35,954,314	41,785,376
Total non-current liabilities	901,420	864,379	1,096,245	1,098,326
Cash balance	9,344,844	14,441,284	21,535,820	27,413,707
Working capital	\$ 8,732,247	\$ 13,690,114	\$ 20,335,912	\$ 26,232,817

	Three months ended			
	October 31, 2021	July 31, 2021	April 30, 2021	January 31, 2021
Loss for the period	\$ (5,600,423)	\$ (4,046,624)	\$ (3,324,739)	\$ (2,157,865)
Loss per share – basic and diluted	(0.05)	(0.04)	(0.04)	(0.03)
Total assets	43,961,419	43,961,262	44,791,540	14,043,787
Total non-current liabilities	923,861	930,746	918,618	956,522
Cash balance	29,848,024	29,945,079	32,026,806	5,840,853
Working capital	\$ 29,581,634	\$ 29,582,724	\$ 31,369,510	\$ 5,598,102

**Review of Consolidated Financial Information for three months ended September 30, 2022 compared to the three months ended October 31, 2021**

Loss for the Company was \$5,891,219 (\$0.05 per share) compared to \$5,600,423 (\$0.05 per share) during the three months ended October 31, 2021, as a result of the following factors:

**Exploration and evaluation**

Exploration and evaluation expense was \$3,757,180 compared to \$2,355,003 during the prior year quarter. Refer to the *Highlights and Key Developments* section above.

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#### **General and administrative expense**

General and administrative expenses decreased to \$1,792,978 compared to \$2,983,951 during the prior year quarter. The significant cash components of these expenses include salaries and personnel, consulting and professional fees and investor relations.

Salaries and personnel increased to \$334,154 compared to \$252,533 during the prior year quarter, as a result of adjustments to salaries paid to senior management.

Consulting and professional fees include legal, accounting, capital and strategic advisors. The current and prior year quarter expenses are consistent, with an increase of \$77,256, as there has not been any substantial change in the services provided to the Company.

Office and other include office, travel, insurance and regulatory expenses. The expenses increased to \$135,132 compared to \$107,928, as a result of increased travel and regulatory fees related to change in year end.

The significant non-cash component of these expenses includes share-based compensation, which was \$1,039,497 compared to \$2,499,230 during the prior year quarter. The decrease is a result of a reduction in option grants compared to the prior year quarter.

#### **Value added tax provision**

Value added tax provision increased to \$631,240 compared to \$191,449 as a result of increased project expenditures and foreign exchange adjustments.

#### **Foreign exchange**

Foreign exchange represents changes in the value of monetary assets and liabilities denominated in foreign currencies. During the three months ended September 30, 2022, the Company incurred unrealized foreign exchange gains related to the VAT receivable.

#### **Review of Consolidated Financial Information for the nine months ended September 30, 2022 compared to the nine months ended October 31, 2021**

Loss for the Company was \$20,993,505 (\$0.19 per share) compared to \$12,971,786 (\$0.13 per share) during the nine months ended October 31, 2021, as a result of the following factors:

#### **Exploration and evaluation**

Exploration and evaluation expense was \$13,744,083 compared to \$7,450,471 during the prior period. Refer to the *Highlights and Key Developments* section above.

#### **General and administrative expense**

General and administrative expenses increased to \$5,452,246 compared to \$4,858,512 during the prior period. The significant cash components of these expenses include salaries and personnel, consulting and professional fees and investor relations.

Salaries and personnel increased to \$964,920 compared to \$875,873 during the prior period, as a result of an adjustment to senior management salaries and additions to the senior management group. These increases were offset by a reduction in bonuses paid.

Consulting and professional fees include legal, accounting, capital and strategic advisors. The current and prior period expenses are consistent, with an increase of \$161,436, as there has not been any substantial change in the services provided to the Company.

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Office and other include office, travel, insurance and regulatory expenses. The expenses increased to \$411,735 compared to \$213,360, as a result of increased travel and regulatory fees related to change in year end.

The significant non-cash component of these expenses includes share-based compensation, which was \$3,468,216 compared to \$3,462,557 during the prior period.

**Value added tax provision**

Value added tax provision increased to \$2,109,789 compared to \$959,627 as a result of increased project expenditures and foreign exchange adjustments.

**Foreign exchange**

Foreign exchange represents changes in the value of monetary assets and liabilities denominated in foreign currencies. During the nine months ended September 30, 2022, the Company incurred unrealized foreign exchange gains related to the VAT receivable.

**Significant Quarterly Variations**

- Quarter ended January 31, 2021 - The Company incurred additional share-based compensation expense of \$737,900 related to the vesting of options. Additionally, exploration and evaluation expenses of \$1,104,323 were incurred at the Los Reyes Project.
- Quarter ended April 30, 2021 - The Company incurred additional share-based compensation expense of \$371,278 related to the vesting of options. Additionally, exploration and evaluation expenses of \$2,646,500 were incurred at the Los Reyes Project.
- Quarter ended July 31, 2021 - The Company incurred exploration and evaluation expenditures of \$3,217,146 at the Los Reyes Project.
- Quarter ended October 31, 2021 - The Company incurred additional share-based compensation expense of \$2,499,230 related to the granting and vesting of options. Additionally, exploration and evaluation expenses of \$2,546,452 were incurred at the Los Reyes Project.
- Two months ended December 31, 2021 - The Company incurred additional share-based compensation expense of \$1,290,232 related to the granting and vesting of options. Additionally, exploration and evaluation expenses of \$2,540,714 were incurred at the Los Reyes Project.
- Quarter ended March 31, 2022 - The Company incurred additional share-based compensation expense of \$2,061,986 related to the granting and vesting of options. Additionally, exploration and evaluation expenses of \$5,307,662 were incurred at the Los Reyes Project.
- Quarter ended June 30, 2022 - The Company incurred additional salaries and personnel expense of \$315,261 related to normal operations. Additionally, exploration and evaluation expenses of \$6,157,790 were incurred at the Los Reyes Project.
- Quarter ended September 30, 2022 - The Company incurred additional salaries and personnel expense of \$334,154 related to normal operations. There was share-based compensation expense of \$1,039,497. Additionally, exploration and evaluation expenses of \$3,757,180 were incurred at the Los Reyes Project.

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**Cash flows**

	September 30, 2022	Nine months ended October 31, 2021
Cash used in operating activities	\$ (18,008,030)	\$ (9,324,083)
Cash provided by financing activities	95,716	34,819,446
Cash used in investing activities	(156,549)	(1,488,192)
<b>(Decrease) increase in cash</b>	<b>(18,068,863)</b>	<b>24,007,171</b>
<b>Cash, beginning of period</b>	<b>27,413,707</b>	<b>5,840,853</b>
<b>Cash, end of period</b>	<b>\$ 9,344,844</b>	<b>\$ 29,848,024</b>

**Operating activities**

During the nine months ended September 30, 2022, salaries and personnel expenditures of \$964,920 were incurred by the Company which is a significant portion of the operating expenditures. There was office rent and administrative expenditures of \$411,735. Legal and accounting expenditures of \$377,675 were also incurred. Additional expenditures of \$13,744,083 were incurred relating to Los Reyes Project.

During the nine months ended October 31, 2021, salaries and personnel expenditures of \$875,873 were incurred by the Company which is a significant portion of the operating expenditures. There were office rent and administrative expenditures of \$213,360. Legal and accounting expenditures of \$216,239 were also incurred. Additional expenditures of \$7,450,471 were incurred relating to Los Reyes Project.

**Financing activities**

During the nine months ended September 30, 2022, the Company had the following significant financing activities:

- Issued 127,500 common shares for gross proceeds of \$140,250 upon exercise of warrants.

During the nine months ended October 31, 2021, the Company had the following significant financing activities:

- Completed a bought deal private placement resulting in net proceeds of \$26,767,705.
- Issued 14,062,705 common shares for gross proceeds of \$7,811,352 upon exercise of warrants.
- Issued 675,000 common shares for gross proceeds of \$313,400 upon exercise of options.

**Investing activities**

Equipment purchases decreased to \$275,476 compared to \$290,356 during the prior period.

**LIQUIDITY AND CAPITAL RESOURCES**

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with its financial liabilities and other contractual obligations.

The Company is a mineral exploration company and currently has no operating income or positive operating cash flows. The Company depends upon share issuances and property option agreements to fund its exploration activities and administrative expenses.

Factors that may affect the Company's liquidity are continuously monitored. These factors include the market price of gold, operating costs, exploration expenditures, the timing of VAT recoveries, foreign currency fluctuations, health and safety risks related to the covid-19, and risks and uncertainties (refer to *Risks and Uncertainties* section).

## PRIME MINING CORP.

### Management's Discussion and Analysis

For the three and nine months ended September 30, 2022 and October 31, 2021

(In Canadian dollars, except where noted)

The Company will need to raise additional funds to fully develop its mineral properties. There can be no assurance that the Company will succeed in obtaining additional financing, now or in the future. Consequently, the Company is subject to liquidity risk.

Additional funds need to be raised to complete the planned Phase 3 drilling program described in the *Outlook* section above.

At September 30, 2022, the Company had working capital of \$8,732,247 including cash of \$9,344,844, compared to a working capital of \$26,232,817 at December 31, 2021. Accounts payable and accruals decreased to \$781,939 compared to \$1,325,936, at December 31, 2021, due to increased exploration activities, offset by decreased bonus accruals. The long-term payable of \$765,701 requires payment when the value added tax receivable of \$850,779 is refunded.

At September 30, 2022, the Company has the following capital resource commitments:

- The Company must undertake exploration and make cash progress payments to maintain its exploration property rights.
- The Company is committed to make payments under property and equipment leases totalling \$207,894 through 2027.

## RELATED PARTY TRANSACTIONS

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and includes both executive and non-executive directors, officers, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

Key management compensation includes:

	Nine months ended	
	September 30, 2022	October 31, 2021
Salaries, personnel and benefits	\$ 922,028	\$ 900,210
Directors fees	199,935	146,250
Consulting fees	50,386	-
Share-based compensation	2,083,985	2,104,722
	\$ 3,256,334	\$ 3,151,182

Trade payables and accruals include \$47,988 (December 31, 2021 - \$593,070) owed to directors and officers of the Company in connection to accrued salaries and benefits.

**PRIME MINING CORP.**

Management's Discussion and Analysis

For the three and nine months ended September 30, 2022 and October 31, 2021

(In Canadian dollars, except where noted)

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**OUTSTANDING SHARE DATA**

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At November 3, 2022, the Company had the following equity securities outstanding:

	<b>Authorized</b>	<b>Outstanding</b>
Equity securities – voting	Unlimited common shares	112,800,705 common shares
Stock options - convertible to voting common shares	Stock options to acquire up to 10% of the outstanding common shares less any common shares reserved for issuance under any other share-based compensation arrangements.	Stock options to acquire 10,760,000 common shares
Restricted share units - convertible to voting common shares	Restricted share units to acquire up to 10% of the outstanding common shares less any common shares reserved for issuance under any other share-based compensation arrangements.	Restricted share units to acquire 400,000 common shares
Warrants convertible to voting common shares		Warrants to acquire 24,295,625 common shares

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**SIGNIFICANT ACCOUNTING POLICIES**

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The condensed interim consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"), effective as of September 30, 2022. The Company's significant accounting policies are described in note 3 of the Company's annual financial statements.

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**CHANGES IN ACCOUNTING POLICIES**

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The accounting policies applied in the preparation of the Company's condensed interim consolidated financial statements for the three and nine months ended September 30, 2022 and October 31, 2021, are consistent with those applied and disclosed in the Company's annual financial statements.

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**FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**

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The Company's financial instruments consist of cash, receivables, deposits, VAT receivables, trade payables and accruals, advances from related party, loan payable and lease liability. The carrying value of all the Company's financial instruments approximates their fair value except for cash. The fair value of cash is measured using Level 1 inputs. It is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

The Company's activities expose it to a variety of financial risks, of which the primary ones are liquidity risk and foreign exchange risk. The Company does not have a practice of trading derivatives.

**PRIME MINING CORP.**

Management's Discussion and Analysis

For the three and nine months ended September 30, 2022 and October 31, 2021

(In Canadian dollars, except where noted)

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The Company manages liquidity risk by attempting to maintain adequate cash balances. If necessary, the Company may raise funds through the issuance of debt, equity or sale of non-core assets. The Company ensures that there is sufficient capital to meet its obligations by continuously monitoring and reviewing actual and forecasted cash flows and matching the maturity profile of financial assets to development, capital and operating needs.

The Company is exposed to foreign exchange fluctuations, primarily on value added tax receivable balances denominated in Mexican pesos and the long-term payable balance denominated in US dollars.

The Company's financial risks are described in note 12 of the interim financial statements.

**OFF-BALANCE SHEET ARRANGEMENTS**

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

**PROPOSED TRANSACTIONS**

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At September 30, 2022, and the date hereof, the Company had no proposed transaction.

**RISKS AND UNCERTAINTIES**

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For a detailed listing of the risk factors faced by the Company, please refer to the Company's Annual Information Form for the eight months ended December 31, 2021 and year ended April 30, 2021.

**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

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This MD&A includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results could differ materially from any estimates, forecasts, predictions, projections, assumptions, or other future performance suggested herein.

Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. These statements do not take into account the effect of transactions or other items announced or occurring after the statements are made. Forward-looking statements are based upon a number of expectations and assumptions and are subject to certain risks and uncertainties, many of which are beyond our control, that could cause actual results to differ materially from those that are disclosed in or implied by such statements.

These forward-looking statements may include but are not limited to statements concerning:

- The Company's success at completing future financings;
- The Company's strategies and objectives;
- The completion of further exploration and development activity at the Los Reyes Project;
- General business and economic conditions;
- General political climate; and
- The Company's ability to meet its financial obligations as they become due.

**PRIME MINING CORP.**

Management's Discussion and Analysis

For the three and nine months ended September 30, 2022 and October 31, 2021

(In Canadian dollars, except where noted)

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Although the Company believes that the assumptions and expectations reflected in such forward-looking statements are reasonable, we can give no assurance that these assumptions and expectations will prove to be correct, and since forward-looking statements inherently involve risks and uncertainties, undue reliance should not be placed on such statements. Events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied, by these forward-looking statements. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, investors in securities of the Company should not place undue reliance on these forward-looking statements.

**QUALIFIED PERSON**

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Scientific and technical information contained in this MD&A was reviewed and approved by the Company's EVP, Exploration, Scott Smith, P. Geo, a "qualified person" as defined by National Instrument 43-101 - Standards of Disclosure for Mineral Projects.