

Prime Mining Corp. Provides Year-End Update and Plans for 2021

VANCOUVER, British Columbia, Jan. 06, 2021 -- **PRIME MINING CORP.** (“Prime” or the “Company”) (TSXV:PRYM) (OTCQB: PRMNF) (Frankfurt:A2PRDW) is pleased to provide a year-end update on its 100% owned Los Reyes Gold-Silver Project (“Los Reyes”) located in the State of Sinaloa, Mexico.

“As 2020 has come to an end and the new year has started, we want to thank our shareholders and stakeholders for their continued support. Prime has evolved during 2020 into a company with a highly skilled technical, management and governance team. Our geologic understanding of Los Reyes has increased significantly pointing to tremendous potential for a major new resource discovery,” stated Daniel Kunz, Chief Executive Officer.

Prime began 2020 announcing surface sampling results that demonstrated significant outcropping mineralized areas that carried good grades over significant widths, outside the historical resources at Zapote North and Zapote South. Additionally, the Company completed a significant new long-term agreement for surface use over the Los Reyes project area with Ejido de Tasajera, the majority local landowner. This access agreement is for an initial term of 15 years and can be extended for 15-years. The agreement covers project access and land use for exploration, engineering, construction, commissioning, and commercial operations. It is an extremely significant project milestone for the local communities, Prime and all project stakeholders, as it provides long-term project stability for the development of Los Reyes.

In early April, some 10 months after initial acquisition of Los Reyes, Prime announced a measured and indicated in-pit oxide mineral resource of 19.8 million tonnes (“M t”) at 1.00 gram per tonne (“gpt Au”) and 26.2 gpt silver (“gpt Ag”) containing 633,000 ounces of gold (“oz Au”) and 16,604,000 ounces silver (“oz Ag”). Additionally, the updated resource outlined an in-pit oxide mineral resource of 7.1 M t at 0.78 gpt Au and 30.0 gpt Ag (or 179,000 oz Au and 6,831,000 oz Ag contained). (See news release dated April 2, 2020).

On June 12, Prime closed a C\$10,000,000 financing by issuing 20,000,000 units priced at C\$0.50 per unit. Each unit consisted of one common share and one common share purchase warrant exercisable for one common share at an exercise price of C\$1.10 for a period of 60 months following the closing. The lead participant in the offering was Trinity Capital Partners including Mr. Pierre Lassonde.

During the year Prime also announced key management changes including the appointment of Kerry Sparkes as Executive Vice President Exploration and Ian Harkas as Chief Financial Officer. Significant changes were also made to the Board of Directors. The current Board, comprising Messrs. Andy Bowering, Murray John (Chairman), Daniel Kunz, Paul Larkin, Marc Prefontaine and Paul Sweeney, has the exploration, construction and operating experience required to drive the Company forward, along with both project finance and country specific skills relating to project exploration and development in Mexico.

The Company amended an option agreement with Vista Gold Inc. under which it holds Los Reyes by cancelling all of Vista’s net smelter royalty and back-in rights in consideration for accelerating a final US\$1.5M option payment owing to Vista and completing a series of additional cash payments totaling US\$ 2.1M. (See news release dated July 20, 2020).

Los Reyes - 2020 Progress

The Los Reyes Gold-Silver Project is a district scale epithermal gold-silver project in a prolific mining region of Mexico. Mineralization in the Los Reyes area is typical of low sulfidation epithermal gold/silver systems. Over US\$20M in exploration and engineering has already been spent on Los Reyes over 25 years. Previous operators completed various prefeasibility studies but held back from development due to declining gold prices. While the initial work completed provides sufficient understanding of resources to fast-track Los Reyes to production, the work to-date has been conducted over less than 40% of the known structures. Additionally, the depth potential of what is essentially an intact epithermal gold-silver system has been inadequately explored. This leaves significant opportunities to materially expand known resources.

Significant exploration progress has been made to date at Los Reyes. This ongoing work includes field mapping, trench sampling, rock alteration analysis and interpretation and re-logging of historic diamond drill core. This work led to a structural and rock alteration interpretation that is being used to guide the Company’s first diamond drill exploration program. Re-logging of several existing diamond drill core holes also identified that adularia, a crystalline mineral, containing high-grade gold and silver locally with visible gold, is associated with nearby altered rock types. The adularia appears to be vertically zoned. This zoning may provide a guide to effectively target areas of higher-grade gold and silver at depth below currently known mineralization. A study of alteration types indicates that the clay kaolinite is related to the main mineralizing event and may be considered a pathfinder to locations of higher-grade mineralization. Secondary clays may also serve to indicate higher-grade; these secondary clays include smectite, illite and montmorillonite. The initial data set was limited in size, so with the data available to-date, no assumptions can be made as to the lateral or vertical extent of gold-silver zoning. Data will continue to be collected and analyzed throughout the drill program.

The Company’s 15,000 metre (“m”) Phase 1 diamond drill program began in December with the first of at least two drill rigs arriving at Los Reyes. The Phase 1 program will allow for the first wireframed and integrated geological, structural and alteration model to be developed for Los Reyes and will serve as the framework for the exploration and expansion of the known deposits and the discovery of new deposits at Los Reyes.

Los Reyes - 2021 Exploration and Development Plans

The plans for 2021 include the following:

1. Add a second drill contractor in early January.
2. Expand the in-pit resources along strike and down dip. In addition, the drilling will infill areas to increase measured and indicated resources from inferred and provide silver assay data which is currently absent from parts of the historic reverse-circulation drill data.
3. Target deeper sections at Guadalupe East and other east extensions at depth for higher grade material, where drilling has yet to intersect the interpreted optimum boiling level stratigraphy for higher-grade portions of the deposits. It is believed that a significant opportunity exists to develop underground resource potential.
4. Target undrilled mineralized structures such as Fresnillo, Las Primas, Orito and newly identified structures proximal to Guadalupe. These structures offer both open pit and significant underground opportunities for resource expansion and discovery.
5. Increase access to new areas by re-habilitating existing access roads and trails.
6. Complete the Phase 1 drill program in the first half of 2021.
7. Re-model the Los Reyes deposit during the rainy season (June to October) and develop additional resource expansion targets.
8. Add infrastructure required at the project to support an expanded Phase II drill program starting in mid-October that focuses on both in-fill and resource expansion drilling.
9. Continue ongoing baseline survey work in support of the established project permitting process.
10. Continue our ongoing community engagement program.

Impact of Covid-19 on 2021 Plans

Prime has a focus on the importance of safety of our employees and the communities we operate in. To-date we have had minimal impact by the virus while we continue to take all reasonable measures to mitigate its potential impact and effects on our exploration and development activities. Covid-19 still has the potential to delay our plans, but we remain committed to the long-term safety of all our stakeholders including employees and host-communities.

Well-funded for 2021

With a cash balance of approximately C\$7M, Prime ended 2020 well financed to continue with the current exploration plan into the second quarter of 2021. Additionally, the Company has a number of deeply in-the-money warrants, expiring in August 2021, that have the potential to provide an additional C\$7M.

QA/QC Protocols and Sampling Procedures

Surface sampling is targeting wide outcropping zones of hard quartz bearing altered bedrock. In hand dug trenches, local shallow overburden is removed to expose the mineralized bedrock material. Sample collection consists of crews, using hammers and chisels, chipping continuous 1.5 m channels to produce approximately 8 to 10 kilograms of material for each 1.5 m sample interval. The larger rocks within the collected material are then broken with a hammer to homogenize them to a standard size. On a canvas mat the collected material is mixed, divided, and bagged. The bagged samples are then trucked to a lab for prep and assay. Similar samples are also collected from exposed road cuts and from open underground adit areas across mapped and unmapped structures. True widths of mineralized zones have not been calculated from the surface samples except where specified. Assay results range from below detection to 48.30 g/t gold and 1,250.0 g/t silver. Composite intervals use a cut-off grade of 0.2 g/t gold.

Quality control of the sampling program includes the insertion of reference standards and blanks as well as reject duplicate analysis to monitor the integrity of assay results. All samples are stored until picked up by Bureau Veritas Minerals and transported to its laboratory in Durango, Mexico. Samples are then dried, crushed, split and pulp samples are prepared for analysis. Gold is determined by fire assay with an atomic absorption spectroscopy (AAS) finish, and silver plus 34 other elements by multi-acid digestion and ICP finish, over-limits by fire assay and gravimetric finish. Bureau Veritas is an ISO/IEC accredited laboratory.

Kerry Sparkes, P.Geol., Executive Vice President of Exploration, is a qualified person for the purposes of National Instrument 43-101 and has reviewed and approved the technical content in this news release.

About Prime Mining Corp (TSX.V: PRYM) (OTCQB:PRMNF)

Prime is an ideal mix of successful capital markets and mining executives and experienced local exploration personnel who are expanding the exploration initiative at the historically productive Los Reyes gold and silver project in Sinaloa, Mexico. Current Measured and Indicated pit-constrained oxide mineral resources for the Property total 19.8 million tonnes at 1.0 g/t Au, plus 26.2 g/t Ag (or 633,000 oz Au, plus 16.6 million oz Ag contained). Los Reyes holds substantial resource upside based on open extensions of known resources, ten kilometres of undrilled strike length and at least eight additional exploration targets. Prime Mining has a well-planned capital structure with significant management and insider ownership.

ON BEHALF OF THE BOARD OF DIRECTORS

Daniel Kunz

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