



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended
March 31, 2025 and 2024

PRIME MINING CORP.**Management's Discussion and Analysis****For the three months ended March 31, 2025 and 2024**(In Canadian dollars, except where noted)

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 May 12, 2025, and relates to the financial condition and results of operations for the three months ended March 31, 2025 and 2024. 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 months ended March 31, 2025 and 2024, which have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). As such, these 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 consolidated financial statements for the years ended December 31, 2024 and 2023 ("annual financial statements").

The first, second, third, and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3" and "Q4", 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

The Company was incorporated on May 14, 1981 in British Columbia. Prime is a reporting issuer in British Columbia and Alberta, and an issuer on the TSX Exchange ("TSX"). 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 and Mexico 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 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 in which we work;
- 2) use of resources to create maximum value at Los Reyes; and
- 3) corporate responsibility and governance.

During the three months ended March 31, 2025, the Company has seen progress in all three areas with continued emphasis on operating under appropriate health guidelines, strengthened exploration team performance and advances in our corporate administration.

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Los Reyes Gold and Silver Project

Los Reyes is a low-sulphidation epithermal gold-silver project located in Sinaloa State, Mexico. Since acquiring Los Reyes in 2019, Prime has spent \$64,599,425 on direct exploration activities and has completed over 221,000 metres of drilling. On October 15, 2024, Prime announced an updated multi-million-ounce high-grade open pit constrained resource based on exploration drilling up to July 17, 2024 (refer to the October 15, 2024 news release for more details).

October 15, 2024 Resource Statement

(based on a \$1950/oz gold price, \$25.24/oz silver price, economic-constrained estimate)

Mining Method and Process	Class	Tonnage (kt)	Gold Grade (g/t)	Gold Contained (koz)	Silver Grade (g/t)	Silver Contained (koz)	Gold Equiv. (g/t)	Gold Equiv. (koz)	Silver Equiv. (g/t)	Silver Equiv. (koz)
Open Pit - Mill	Indicated	24,657	1.13	899	35.7	28,261	1.60	1,265	123.3	97,723
	Inferred	7,211	0.89	207	42.8	9,916	1.45	335	111.8	25,911
Underground	Indicated	4,132	3.02	402	152.4	20,243	5.00	664	386.1	51,290
	Inferred	4,055	2.10	273	78.6	10,247	3.12	406	240.7	31,380
Total Mill	Indicated	28,789	1.41	1,301	52.4	48,504	2.08	1,928	161.0	149,012
	Inferred	11,266	1.33	480	55.7	20,163	2.05	741	158.2	57,291
Open Pit - Heap Leach	Indicated	20,254	0.29	190	8.4	5,492	0.40	261	31.0	20,201
	Inferred	5,944	0.30	58	7.3	1,398	0.40	76	30.6	5,856
Total	Indicated	49,042	0.95	1,491	34.2	53,995	1.39	2,190	107.3	169,213
	Inferred	17,210	0.97	538	39.0	21,561	1.48	817	114.1	63,147

⁽¹⁾ Refer to the *Additional Technical Notes* section for the gold equivalent ("AuEq") grade calculation method.

Drilling suggests that the three known main deposit areas (Guadalupe, Central and Z-T) are larger than previously reported. Potential also exists for new discoveries where mineralized trends have been identified outside of the currently defined resource areas. Historic operating results indicate that an estimated 1 million ounces of gold and 60 million ounces of silver were recovered from five separate operations at Los Reyes between 1770 and 1990. Prior to Prime's acquisition, recent operators of Los Reyes had spent approximately US\$20 million on exploration, engineering, and prefeasibility studies.

HIGHLIGHTS AND KEY DEVELOPMENTS**Project Advancement During Q1 2025**

The Company continues to engage with several engineering firms to advance its understanding of the Los Reyes Project. Activities in the quarter included review of metallurgical and geotechnical information, and engineering work contributing towards a Preliminary Economic Assessment as announced on February 19, 2025.

Exploration Activities During Q1 2025

In Q1 2025, the Company's plan was to focus drilling activities in the following areas:

- Tahonitas at the Z-T Trend;
- Las Primas, and
- Noche Buena at the Central Trend.

Drilling commenced in early January and was paused on January 28, 2025. Refer to the *2025 Outlook* section below for more details regarding the 2025 drill program. The Company has continued to interpret previous drilling and geological information to further exploration target identification.

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During the quarter, the Company highlighted certain drill results from 2024 in the following news releases:

Prime Tahonitas Footwall Discovery: Intersects New Continuous High-Grade Veins at Tahonitas in the Z-T Trend (January 15, 2025)***Expansion Drilling Highlights at Z-T***

The Company is reporting 25 core holes at the Z-T Trend, 14 of which are from Tahonitas, located in the south-east end of the Z-T Trend, with the following highlights:

- 5.67 grams per tonne ("gpt") gold-equivalent ("AuEq") (2.23 gpt gold ("Au") and 266.1 gpt silver ("Ag")) over 4.2 metres ("m") estimated true width ("ETW") in hole 24TA-149, including:
 - 9.49 gpt AuEq (3.94 gpt Au and 428.7 gpt Ag) over 2.1 m ETW;
- 1.62 gpt AuEq (1.36 gpt Au and 19.9 gpt Ag) over 15.2 m ETW in hole 24TA-144, including:
 - 4.94 gpt AuEq (4.22 gpt Au and 55.3 gpt Ag) over 3.7 m ETW;
- 4.93 gpt AuEq (2.55 gpt Au and 184.0 gpt Ag) over 3.3 m ETW in hole 24TA-153, including:
 - 14.09 gpt AuEq (7.09 gpt Au and 541.0 gpt Ag) over 1.1 m ETW;
- And also, 0.92 gpt AuEq (0.72 gpt Au and 15.2 gpt Ag) over 19.2 m ETW in hole 24TA-153.

Prime's Central Trend Continues to Deliver Strong Grades and Continuity, Defining a 400-metre High-Grade Shoot at Noche Buena (January 30, 2025)***Expansion Drilling Highlights in the Central Trend***

The Company is reporting 14 core holes at the Central Trend, 9 of which are from Noche Buena, at the southernmost part of the trend, with the following highlights:

- 3.48 gpt AuEq (3.12 gpt Au and 27.7 gpt Ag) over 7.6 m ETW in hole 24NB-78, including:
 - 8.64 gpt AuEq (7.8 gpt Au and 64.8 gpt Ag) over 2.8 m ETW, including:
 - 16.22 gpt AuEq (15.00 gpt Au and 94.0 gpt Ag) over 1.4 m ETW;
- 2.16 gpt AuEq (1.75 gpt Au and 31.9 gpt Ag) over 11.3 m ETW in hole 24NB-67, including:
 - 8.65 gpt AuEq (7.42 gpt Au and 95.3 gpt Ag) over 2.3 m ETW;
- 1.65 gpt AuEq (1.03 gpt Au and 47.6 gpt Ag) over 11.2 m ETW in hole 24NB-77, including:
 - 4.24 gpt AuEq (2.40 gpt Au and 142.0 gpt Ag) over 1.8 m ETW.

Prime's Fresnillo Generative Target Extended by 120 metres (February 24, 2025)***Generative Drilling Highlights: Fresnillo – A Prime Original Discovery***

The Company is reporting 14 core holes, two that intersected only Fresnillo structures, four that intersected both Noche Buena and Fresnillo structures, and eight that intersected Mariposa structures. Fresnillo is located between the Z-T and Central Trends with the following highlights in today's results:

- 1.99 gpt AuEq (1.82 gpt Au and 13.1 gpt Ag) over 9.6 m ETW in hole 24NB-75, including:
 - 20.02 gpt AuEq (18.4 gpt Au and 125.0 gpt Ag) over 0.8 m ETW;
- 2.83 gpt AuEq (2.52 gpt Au and 23.6 gpt Ag) over 6.2 m ETW in hole 24NB-71, including:
 - 5.99 gpt AuEq (5.38 gpt Au and 47.0 gpt Ag) over 2.8 m ETW;
- 1.46 gpt AuEq (1.08 gpt Au and 29.7 gpt Ag) over 9.8 m ETW in hole 24NB-69, including:
 - 6.76 gpt AuEq (5.35 gpt Au and 109.0 gpt Ag) over 1.4 m ETW;
- 1.45 gpt AuEq (1.17 gpt Au and 21.6 gpt Ag) over 6.8 m ETW in hole 24FRE-29.

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Drilling Summary

	Q1 2025	Q4 2024	Q3 2024	Q2 2024
Drill holes completed	-	36	30	34
Drilling metres	1,456	11,341	10,331	11,867
	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Drill holes completed	42	53	35	44
Drilling metres	17,335	17,215	11,768	14,201

Project Expenditures

Project expenditures during the three months ended March 31, 2025 and 2024, are summarized as follows:

	Q1 2025	Q1 2024
Drilling	\$ 477,399	\$ 2,545,080
Salaries and personnel	793,893	829,427
Resource assaying, estimation and technical services	171,124	538,504
Equipment and field supplies	214,638	337,520
Land payments and maintenance	137,681	162,719
General and administrative	138,348	94,033
	\$ 1,933,083	\$ 4,507,283

Review of expenditures for Q1 2025 compared to Q1 2024

Drilling decreased to \$477,399 compared to \$2,545,080 during Q1 2024, reflecting the reduced drilling activity following a temporary pause in the program. Q1 2025 includes \$253,318 in standby charges incurred as a result of the suspension.

Salaries and personnel decreased to \$793,893 compared to \$829,427 during Q1 2024. Staffing levels are consistent with Q1 2024 leading to similar personnel expenditures.

Resource and estimation and technical services decreased to \$171,124 compared to \$538,504 during Q1 2024. As a result of fewer metres drilled during Q1 2025, assaying expenditures have decreased.

Equipment and field supplies decreased to \$214,638 compared to \$337,520 during Q1 2024. Fewer field supplies, such as core boxes, were required as a result of decreased metres drilled.

Land payments and maintenance decreased to \$137,681 compared to \$162,719 during Q1 2024. Concession and land payments to the Ejido were similar in both periods.

General and administrative expenditures relate primarily to local consulting, accounting, and legal support. Expenditures were \$138,348 compared to \$94,033 during Q1 2024. The increase was primarily due to additional accounting fees related to value-added tax recovery efforts, while other support needs remained largely unchanged.

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Aggregate Los Reyes Project expenditures

Project expenditures since acquisition, are summarized as follows:

	Total
Drilling	\$ 30,988,950
Salaries and personnel	14,977,418
Resource assaying, estimation, and technical services	9,500,045
Equipment and field supplies	5,483,761
Land payments and maintenance	1,728,867
General and administrative	1,920,384
	\$ 64,599,425

Resource Estimate

On October 15, 2024, the Company reported significant open pit expansion and new underground resources in its 2024 Mineral Resource Estimate ("MRE") based on the addition of Prime's drilling up to July 17, 2024 of 86,650 metres drilled by Prime since the cutoff of the May 2023 MRE. In total, the 2024 MRE is based on 240,172 metres of drilling, of which Prime has drilled 191,451 metres. Prime's discovery cost is just over US\$20 per Resource ounce added since acquisition. The new 2024 MRE (contained within economically constrained pits or underground stope shapes) comprised 49.0 million tonnes Indicated resources (1,491,000 ounces contained Au at 0.95 g/t and 54.00 million ounces contained Ag at 34.2 g/t) and an additional 17.2 million tonnes (538,000 ounces contained Au at 0.97 g/t and 21.56 million ounces contained Ag at 39.0 g/t) of Inferred material.

Indicated Resources have increased 49% to 2.2 million AuEq ounces and Inferred Resources have increased 11% to 0.8 million AuEq ounces compared to the May 2023 MRE. Open-Pit Milled Indicated and Inferred Resources have grown to 1.27 million ounces AuEq (24.7 million tonnes at 1.60 g/t AuEq) and 335,000 ounces AuEq (7.2 million tonnes at 1.45 g/t AuEq), respectively. New Underground Milled Indicated and Inferred Resources of 664,000 ounces AuEq (4.1 million tonnes at 5.00 g/t AuEq) and 406,000 ounces AuEq (4.1 million tonnes at 3.12 g/t AuEq), respectively. Open Pit Heap Leach Indicated and Inferred Resources have grown to 261,000 ounces AuEq (20.3 million tonnes at 0.40 g/t AuEq) and 76,000 ounces AuEq (5.9 million tonnes at 0.40 g/t AuEq), respectively.

This MRE was completed under the supervision of John Sims, a member of the American Institute of Professional Geologists since 2004, an 'Independent Qualified Person' as defined by NI 43-101 guidelines, with over 35 years of related experience. In support of this resource update, Prime filed an updated Technical Report on November 27, 2024, in accordance with NI 43-101.

Corporate**Deferred share units grants**

During March 2025, deferred share units ("DSUs") were granted to acquire 840,282 common shares, respectively. These DSUs, issued to directors, have fully vested.

Restricted share units grant

During March 2025, restricted share units ("RSUs") were granted to purchase 608,317 common shares. The RSUs will vest over a three-year period, with one-third vesting on the first-year anniversary of the grant, one-third on the second-year anniversary, and one-third on the third-year anniversary. Settlement will occur on the vesting date.

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Stock options grants

During March 2025, stock options were granted to purchase up to 875,823 common shares with an exercise price of \$1.44 per share. The stock options granted have a five-year life with one-third vesting on the first anniversary of the grant date, one-third vesting on the second anniversary of the grant date, and one-third vesting on the third anniversary of the grant date.

Mining law ruling

Following a process commenced by the Company in July 2023, a Federal judge in Mexico has granted its applications for Federal protection, or 'Amparos', to conduct its activities under the previous (1994) mining-related laws, and is thereby not subject to the 2023 reforms for both the Los Reyes Project, as well as the adjacent El Rey claim once the latter claim is granted.

Critical to the rulings, the granted applications protect the Los Reyes Project and El Rey claims constitutionally from any further changes to mining related laws in Mexico. This protection extends to the 2023 mining-related laws, which included reforms to water usage, reclamation considerations and the scope and term of mining concessions.

The ruling is currently under appeal by the Mexican government.

2025 OUTLOOK

The Company plans to continue its success-based approach to drilling to further identify new prospective targets, expand the existing resource, and infill drilling. Additional work will include geological mapping and geochemical sampling to identify further discovery areas.

Six drill rigs remain on site at Los Reyes, with planned fiscal 2025 exploration focused on:

- Extending the high-grade Z-T Area shoots that remain open at depth, as well as along strike, both north and south.
- Expanding the known high-grade mineralization at Guadalupe East.
- Increasing the Central Area resource through additions southeast at Noche Buena and its connection to San Miguel East.
- Generative target drilling of high-grade intercepts at Las Primas, Fresnillo and Mariposa to further grow these emerging resources, as well as other target discovery areas to demonstrate the significant resource expansion potential at Los Reyes.

Project activities are also planned to include:

- *Technical:* Further refine metallurgical, geotechnical, mine planning and development parameters for project development, including process and underground mining optimization, infrastructure assessment and permitting requirements.
- *Community Engagement:* Continue to engage with and support local ejidos (communities) through educational, community and environmental programming, access (road) improvements and infrastructure development.

On January 28, 2025, drilling was paused in response to a deterioration in the security situation in parts of Sinaloa, including the Los Reyes area. This pause is not currently expected to impact the Company's ability to drill a minimum 40,000m program over 12-months from the recommencement of drilling. Drill rigs remain on site and drill contractors are on standby to resume drilling as soon as security improves. The Company will continue to work with local authorities to monitor the current situation.

The Company continues to engage with several engineering firms to advance its understanding of the Los Reyes Project. Activities will continue to include review of metallurgical and geotechnical information, and engineering work contributing towards a Preliminary Economic Assessment as announced on February 19, 2025.

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QUARTERLY RESULTS

	Q1 2025	Q4 2024	Q3 2024	Q2 2024
Loss for the period	\$ (3,615,113)	\$ (5,375,605)	\$ (4,309,953)	\$ (5,485,836)
Loss per share – basic and diluted	(0.02)	(0.04)	(0.03)	(0.04)
Total assets	33,054,051	33,177,148	35,248,369	38,580,058
Total non-current liabilities	832,669	845,562	807,590	829,302
Cash balance	18,199,852	19,056,585	21,239,893	24,524,731
Working capital	\$ 18,682,230	\$ 17,132,132	\$ 20,528,812	\$ 23,765,176

	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Loss for the period	\$ (6,450,142)	\$ (7,444,384)	\$ (5,235,461)	\$ (5,714,118)
Loss per share – basic and diluted	(0.04)	(0.05)	(0.04)	(0.04)
Total assets	41,969,945	47,908,403	53,352,971	57,756,010
Total non-current liabilities	832,584	825,152	851,979	846,486
Cash balance	27,897,697	33,811,215	39,231,792	43,669,878
Working capital	\$ 26,684,339	\$ 31,532,347	\$ 38,434,520	\$ 43,109,164

Review of Consolidated Financial Information for Q1 2025 compared to Q1 2024

Loss for the Company was \$3,615,113 (\$0.02 per share) compared to \$6,450,142 (\$0.04 per share) during Q1 2024, as a result of the following factors:

Exploration and evaluation

Exploration and evaluation expense was \$1,933,083 compared to \$4,507,283 during Q1 2024. The Company decreased exploration activities at the Los Reyes Project. Refer to the *Highlights and Key Developments* section above.

General and administrative expense

General and administrative expenses increased to \$2,341,225 compared to \$1,912,262 during Q1 2024. The significant cash components of these expenses include salaries and personnel, consulting and professional fees and investor relations.

Salaries and personnel decreased to \$402,888 compared to \$646,029 during Q1 2024, as a result of a severance payment made in Q1 2024 and reduction in the senior management group.

Consulting and professional fees include legal, accounting, capital and strategic advisors, decreased to \$142,929 compared to \$222,809 during Q1 2024, as a result of reduced financial advisory firm fees.

Investor relations expenses includes news releases, communications programs, and participation at conferences. The expense decreased to \$166,979 compared to \$173,906 during Q1 2024. During Q1 2025, similar investor relations efforts were undertaken.

Office and other expenses decreased to \$101,401 compared to \$131,622 during Q1 2024. Cost categories were largely consistent with the prior period, with the decrease primarily driven by the timing of regulatory expenditures.

The significant non-cash component of these expenses includes share-based compensation, which was \$1,527,028 compared to \$737,896 during Q1 2024. The increase reflects the timing of DSU vesting, with the Q1 2025 grants vesting immediately, whereas Q1 2024 grants vested over a twelve-month period.

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Value added tax provision

Value added tax recovery of \$341,484 compared to a provision of \$733,219 as a result of reduced project expenditures, VAT refunds, and foreign exchange adjustments.

Foreign exchange

Foreign exchange represents changes in the value of monetary assets and liabilities denominated in foreign currencies. During the current quarter, the Company recorded an unrealized foreign exchange gain due to fluctuations in the average MXN exchange rate.

Interest income

Interest income decreased to \$256,836 compared to \$419,714 during Q1 2024. This decline is primarily due to a reduced cash balance compared to Q1 2024, resulting in lower interest earnings.

Significant Quarterly Variations

- Q2 2023 - The Company incurred additional salaries and personnel expense of \$399,604 related to normal operations. There was share-based compensation expense of \$681,663. Additionally, exploration and evaluation expenses of \$4,039,306 were incurred at the Los Reyes Project. A value added tax provision of \$707,922 further increased the loss for the period.
- Q3 2023 - The Company incurred additional salaries and personnel expense of \$414,567 related to normal operations. There was share-based compensation expense of \$537,301. Additionally, exploration and evaluation expenses of \$3,848,138 were incurred at the Los Reyes Project. A value added tax provision of \$465,999 further increased the loss for the period.
- Q4 2023 - The Company incurred additional salaries and personnel expense of \$1,167,603 related to normal operations and bonus awarded to senior management. There was share-based compensation expense of \$420,261. Additionally, exploration and evaluation expenses of \$5,245,821 were incurred at the Los Reyes Project. A value added tax provision of \$481,737 further increased the loss for the period.
- Q1 2024 - The Company incurred additional salaries and personnel expense of \$646,029 related to normal operations and a severance payment to a senior management member. There was share-based compensation expense of \$737,896. Additionally, exploration and evaluation expenses of \$4,507,283 were incurred at the Los Reyes Project. A value added tax provision of \$733,219 further increased the loss for the period.
- Q2 2024 - The Company incurred additional salaries and personnel expense of \$367,671 related to normal operations. There was share-based compensation expense of \$1,396,762. Additionally, exploration and evaluation expenses of \$3,474,984 were incurred at the Los Reyes Project. A value added tax recovery of \$612,576 offset the loss for the period.
- Q3 2024 - The Company incurred additional salaries and personnel expense of \$350,997 related to normal operations. There was share-based compensation expense of \$543,388. Additionally, exploration and evaluation expenses of \$3,108,771 were incurred at the Los Reyes Project. A value added tax recovery of \$423,262 offset the loss for the period.
- Q4 2024 - The Company incurred additional salaries and personnel expense of \$924,267 related to normal operations. There was share-based compensation expense of \$324,528. Additionally, exploration and evaluation expenses of \$3,826,349 were incurred at the Los Reyes Project. A value added tax provision of \$61,013 increased the loss for the period.
- Q1 2025 - The Company incurred salaries and personnel expense of \$402,888 related to normal operations. There was share-based compensation expense of \$1,527,028. Additionally, exploration and evaluation expenses of \$1,933,083 were incurred at the Los Reyes Project. A value added tax recovery of \$341,484 decreased the loss for the period.

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Cash Flows

	Q1 2025	Q1 2024
Cash used in operating activities	\$ (4,049,208)	\$ (7,157,869)
Cash provided by financing activities	2,936,313	869,190
Cash provided by investing activities	256,162	375,161
Decrease in cash	(856,733)	(5,913,518)
Cash, beginning of period	19,056,585	33,811,215
Cash, end of period	\$ 18,199,852	\$ 27,897,697

Operating activities

During Q1 2025, salaries and personnel expenditures of \$402,888 were incurred by the Company which is a significant portion of the operating expenditures. There were office rent and administrative expenditures of \$101,401. Investor relations expenditures of \$166,979 were also incurred. Additional expenditures of \$1,933,083 were incurred relating to Los Reyes Project.

During Q1 2024, salaries and personnel expenditures of \$646,029 were incurred by the Company which is a significant portion of the operating expenditures. There were office rent and administrative expenditures of \$131,622. Investor relations expenditures of \$173,906 were also incurred. Additional expenditures of \$4,507,283 were incurred relating to Los Reyes Project. The Company incurred VAT expenditures of \$733,219.

Financing activities

During Q1 2025, the Company had the following significant financing activities:

- Issued 2,653,333 common shares for gross proceeds of \$2,918,666 upon exercise of warrants of which \$671,000 was received subsequent to March 31, 2025.
- Issued 850,000 common shares for gross proceeds of \$701,500 upon exercise of options.

During Q1 2024, the Company had the following significant financing activities:

- Issued 125,500 common shares for gross proceeds of \$138,050 upon exercise of warrants.
- Issued 750,000 common shares for gross proceeds of \$743,501 upon exercise of options.

Investing activities

During Q1 2025, the Company received interest of \$256,836.

During Q1 2024, the Company received interest of \$419,714.

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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, and risks and uncertainties (refer to *Risks and Uncertainties* section).

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.

At March 31, 2025, the Company had working capital of \$18,682,230 including cash of \$18,199,852, compared to a working capital of \$17,132,132 at December 31, 2024. Accounts payable and accruals decreased to \$515,241 compared to \$2,159,027, at December 31, 2024, primarily due to reduced operational activity and the payment of prior year accrued bonuses during the period. The long-term payable of \$803,073 requires payment when the value added tax receivable of \$892,303 is refunded.

At March 31, 2025, 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 \$82,158 through 2026.

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:

		Q1 2025	Q1 2024
Salaries, personnel and benefits	\$	319,559	\$ 601,831
Directors fees		83,125	77,990
Consulting fees		33,000	25,071
Share-based compensation		1,509,254	688,049
	\$	1,944,938	\$ 1,392,941

Trade payables and accruals include \$5,000 (December 31, 2024 - \$664,430) owed to directors and officers of the Company.

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OUTSTANDING SHARE DATA

At May 12, 2025, the Company had the following equity securities outstanding:

	Authorized	Outstanding
Equity securities – voting	Unlimited common shares	152,478,991 common shares
Stock options - convertible to voting common shares	Stock options to acquire up to 10% of the outstanding common shares	Stock options to acquire 8,752,449 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 1,178,879 common shares
Deferred share units – convertible to voting common shares	Deferred 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.	Deferred share units to acquire 1,844,818 common shares
Warrants convertible to voting common shares		Warrants to acquire 13,370,711 common shares

MATERIAL ACCOUNTING POLICY INFORMATION

The interim financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, effective as of March 31, 2025. The Company's material accounting policy information are described in note 3 of the Company's annual financial statements for the years ended December 31, 2024 and 2023.

CRITICAL ACCOUNTING ESTIMATES

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in total comprehensive loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about such judgements and estimates is contained in the description of accounting policies (note 3) and other notes to the Company's annual financial statements. Management has made the following critical accounting judgements and estimates:

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Critical Judgments in Applying Accounting Policies**Exploration and evaluation assets**

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off to profit or loss in the period the new information becomes available.

Key Sources of Estimation Uncertainty**Share-based payment transactions**

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 8 of the Company's interim financial statements.

VAT receivable

The Company pays VAT on expenditures incurred in Mexico. Such VAT payments are considered to be refundable, however, it involves a complex application process, and the timing and success of collection is uncertain.

CHANGES IN ACCOUNTING POLICIES

The accounting policies applied in the preparation of the Company's interim financial statements, are consistent with those applied and disclosed in the Company's annual financial statements.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist of cash, receivables, trade payables and accruals, and lease liabilities. 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.

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.

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MANAGEMENT'S REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Canadian Securities Administrators have issued National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109") which requires public companies in Canada to submit annual and interim certificates relating to the design and effectiveness of the disclosure controls and procedures that are in use at the Company. The Company's disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported on a timely basis to senior management, including the Company's Chief Executive Officer and Chief Financial Officer, to enable this information to be reviewed and discussed so that appropriate decisions can be made regarding the timely public disclosure of the information. Management has evaluated the effectiveness of the Company's disclosure controls and procedures and has concluded that they were effective as at March 31, 2025.

Internal Control over Financial Reporting

NI 52-109 also requires public companies in Canada to submit interim and annual certificates relating to the design of internal control over financial reporting ("ICFR") and an annual certificate that includes evaluating the operating effectiveness of ICFR. The Company's ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards. Management is responsible for establishing and maintaining ICFR. The Company used the 2013 Commission of Sponsoring Organizations of the Treadway Commission ("COSO") framework as the basis for designing its ICFR. Due to its inherent limitations, ICFR may not prevent or detect misstatements on a timely basis as such systems can only be designed to provide reasonable as opposed to absolute assurance. Also, projections of any evaluation of the effectiveness of ICFR to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. There have been no significant changes in the Company's internal controls during the three months ended March 31, 2025 that have materially affected, or are reasonably likely to materially affect, ICFR. The individuals performing the duties of the Company's Chief Executive Officer and the Chief Financial Officer have each evaluated the operating effectiveness of the Company's ICFR as at March 31, 2025 and have concluded that the ICFR are effective.

OFF-BALANCE SHEET ARRANGEMENTS

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

PROPOSED TRANSACTIONS

At March 31, 2025, and the date hereof, the Company had no proposed transaction.

RISKS AND UNCERTAINTIES

For a detailed listing of the risk factors faced by the Company, please refer to the Company's Annual Information Form for the year ended December 31, 2024, dated March 28, 2025.

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For the three months ended March 31, 2025 and 2024

(In Canadian dollars, except where noted)

ADDITIONAL TECHNICAL NOTES

Metres is represented by "m"; "ETW" is Estimated True Width and is based on drill hole geometry or comparisons with other on- section drill holes; "Au" refers to gold, and "Ag" refers to silver; "gpt" or "g/t" is grams per metric tonne; "mt" refers to millions of metric tonnes; "kt" refers to thousands of metric tonnes; "oz" or "ozs" refers to troy ounces and "koz" refers to thousands of troy ounces; some figures may not sum due to rounding; Composite assay grades presented in summary tables are calculated using a Au grade minimum average of 0.20 gpt or 1.0 gpt as indicated in "Au Cut-off" column of Summary Tables. Maximum internal waste included in any reported composite interval is 3.00 m. The 1.00 gpt Au cut-off is used to define higher-grade "cores" within the lower-grade halo.

Gold equivalent grades are calculated based on an assumed gold price of US\$1,950 per ounce and silver price of \$25.24 per ounce, based on the formula $\text{AuEq grade (gpt)} = \text{Au grade} + (\text{Ag grade} \times \$25.24 / \$1,950)$. Metallurgical recoveries are not considered in the in-situ grade estimate but are estimated to be 95.6% and 81% for gold and silver, respectively, when processed in a mill, and 73% and 25% respectively when heap-leached. Additional details will be available in the forthcoming associated Los Reyes Technical Report.

NEWS RELEASES WITH SUPPORTING TECHNICAL DATA

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

- *Prime Tahonitas Footwall Discovery: Intersects New Continuous High-Grade Veins at Tahonitas in the Z-T Trend* dated January 15, 2025.
- *Prime's Central Trend Continues to Deliver Strong Grades and Continuity, Defining a 400-metre High-Grade Shoot at Noche Buena* dated January 30, 2025.
- *Prime Announces 2025 Outlook for its High Grade Gold Silver Los Reyes Project and Drilling Status Update* dated February 19, 2025.
- *Prime's Fresnillo Generative Target Extended by 120 metres* dated February 24, 2025.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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.

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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.

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.

CAUTIONARY NOTES TO U.S. INVESTORS CONCERNING RESOURCE ESTIMATES

This MD&A has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of the U.S. securities laws. In particular, and without limiting the generality of the foregoing, the terms "mineral reserve", "proven mineral reserve", "probable mineral reserve", "inferred mineral resources," "indicated mineral resources," "measured mineral resources" and "mineral resources" used or referenced in this presentation are Canadian mineral disclosure terms as defined in accordance with NI 43-101 under the guidelines set out in the CIM Standards. The CIM Standards differ from the mineral property disclosure requirements of the U.S. Securities and Exchange Commission (the "SEC") in Regulation S-K Subpart 1300 (the "SEC Modernization Rules") under the U.S. Securities Act of 1933, as amended (the "Securities Act"). As a foreign private issuer that is eligible to file reports with the SEC pursuant to the multijurisdictional disclosure system, the Company is not required to provide disclosure on its mineral properties under the SEC Modernization Rules and will continue to provide disclosure under NI 43-101 and the CIM Standards. Accordingly, the Company's disclosure of mineralization and other technical information may differ significantly from the information that would be disclosed had the Company prepared the information under the standards adopted under the SEC Modernization Rules.

QUALIFIED PERSON

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.