

 **PRIME MINING CORP.****CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended
March 31, 2024 and 2023
(Unaudited)

PRIME MINING CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In Canadian dollars) - Unaudited

	Note	March 31, 2024	December 31, 2023
ASSETS			
Current			
Cash		\$ 27,897,697	\$ 33,811,215
Receivables		28,906	40,818
Prepaid expenses		113,200	150,973
Total current assets		28,039,803	34,003,006
Value added tax receivable	4	841,034	820,924
Equipment	5	574,540	569,905
Exploration and evaluation asset	6	12,514,568	12,514,568
Total assets		\$ 41,969,945	\$ 47,908,403
LIABILITIES			
Current			
Trade payables and accruals	9	\$ 1,314,347	\$ 2,430,553
Current portion of lease liabilities		41,117	40,106
Total current liabilities		1,355,464	2,470,659
Long-term payable	7	756,931	738,832
Lease liabilities		75,653	86,320
Total liabilities		2,188,048	3,295,811
SHAREHOLDERS' EQUITY			
Share capital	8	152,627,029	151,158,664
Reserves	8	19,632,130	19,481,048
Deficit		(132,477,262)	(126,027,120)
Total shareholders' equity		39,781,897	44,612,592
Total liabilities and shareholders' equity		\$ 41,969,945	\$ 47,908,403

Nature and continuance of operations (note 1)

Subsequent events (note 13)

Approved by the Board of Directors on May 13, 2024:

"Scott Hicks" Director

"Paul Sweeney" Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

PRIME MINING CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(In Canadian dollars) - Unaudited

Three months ended		March 31,	March 31,
	Note	2024	2023
Operating expenses			
Exploration and evaluation	6	\$ 4,507,283	\$ 3,987,651
General and administrative	3	1,912,262	1,563,545
Value added tax provision	4	733,219	920,008
Depreciation	5	39,918	49,339
Financing		3,081	3,971
Foreign exchange gain		(325,907)	(356,021)
Loss from operations		(6,869,856)	(6,168,493)
Interest income		419,714	173,026
Loss and comprehensive loss for the period		\$ (6,450,142)	\$ (5,995,467)
Weighted average shares outstanding - basic and diluted		144,040,009	127,487,052
Loss per share - basic and diluted		\$ (0.04)	\$ (0.05)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

PRIME MINING CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Canadian dollars) - Unaudited

Three months ended	March 31, 2024	March 31, 2023
OPERATING ACTIVITIES		
Loss for the period	\$ (6,450,142)	\$ (5,995,467)
Items not affecting cash:		
Depreciation	39,918	49,339
Interest income	(419,714)	(173,026)
Share-based compensation	737,896	752,057
Financing expense	3,081	3,971
Foreign exchange	(2,387)	68
Change in non-cash working capital items:		
Receivables	11,912	51,945
Prepaid expenses	37,773	25,059
Trade payables and accruals	(1,116,206)	10,185
Cash used in operating activities	(7,157,869)	(5,275,869)
FINANCING ACTIVITIES		
Shares issued for cash	881,551	627,000
Share issuance costs	-	(78,184)
Lease liabilities payments	(12,361)	(13,102)
Cash provided by financing activities	869,190	535,714
INVESTING ACTIVITIES		
Purchase of equipment	(44,553)	(3,354)
Interest received	419,714	173,026
Cash provided by investing activities	375,161	169,672
Decrease in cash	(5,913,518)	(4,570,483)
Cash, beginning of period	33,811,215	23,811,434
Cash, end of period	\$ 27,897,697	\$ 19,240,951

Supplemental disclosure with respect to cash flows (note 11)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

PRIME MINING CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(In Canadian dollars) - Unaudited

	Note	Common shares	Share capital	Reserves	Deficit	Shareholders' equity
At December 31, 2023		143,445,525	\$ 151,158,664	\$ 19,481,048	\$ (126,027,120)	\$ 44,612,592
Warrants exercised	8c)	125,500	138,050	-	-	138,050
Options exercised	8d)	750,000	1,257,203	(513,702)	-	743,501
DSU exercised		38,480	73,112	(73,112)	-	-
Share-based compensation	8d), 8e), 8f)	-	-	737,896	-	737,896
Loss for the year		-	-	-	(6,450,142)	(6,450,142)
At March 31, 2024		144,359,505	\$ 152,627,029	\$ 19,632,130	\$ (132,477,262)	\$ 39,781,897

	Note	Common shares	Share capital	Reserves	Deficit	Shareholders' equity
At December 31, 2022		127,154,718	\$ 120,115,589	\$ 17,535,146	\$ (101,637,690)	\$ 36,013,045
Private placement, share issuance costs		-	787	-	-	787
Warrants exercised	8c)	950,000	1,045,000	-	-	1,045,000
Share-based compensation	8d), 8e), 8f)	-	-	752,057	-	752,057
Loss for the year		-	-	-	(5,995,467)	(5,995,467)
At March 31, 2023		128,104,718	\$ 121,161,376	\$ 18,287,203	\$ (107,633,157)	\$ 31,815,422

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

PRIME MINING CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended March 31, 2024 and 2023

(In Canadian dollars) - Unaudited

1. Nature and continuance of operations

Prime Mining Corp. (“Prime” or “the Company”) was incorporated on May 14, 1981, under the laws of the Province of British Columbia, Canada. The Company acquires, explores, and develops interests in mineral projects in Mexico.

The Company’s wholly owned subsidiaries are as follows:

Subsidiary	Jurisdiction	Operating status
Minera Amari SA de CV (“Minera Amari”)	Mexico	Los Reyes Project
ePower Metals SA de CV	Mexico	Holding mineral claims
ePower Metalen	Suriname	Inactive

The Company is listed for trading on the Toronto Stock Exchange (“TSX” or the “Exchange”) under the symbol PRYM. The Company was listed on the TSX Venture Exchange (“TSX-V”) until December 6, 2023. 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’s registered and records office is located at Suite 2200, 885 West Georgia Street, Vancouver, BC, V6C 3E8.

The business of exploring for and mining of minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations.

The Company has not generated revenue from operations. The Company recorded a loss of \$6,450,142 during the three months ended March 31, 2024 and, as of that date, the Company’s deficit was \$132,477,262. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. The Company had cash of \$27,897,697 at March 31, 2024 that the Company estimates will be sufficient to maintain operations for at least the next twelve months.

There are many external factors that can adversely affect general workforces, economies and financial markets globally such as global health conditions and political conflict in other regions. It is not possible for the Company to predict the duration or magnitude of the adverse results of these factors and its effects on the Company’s business or ability to raise funds.

PRIME MINING CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2024 and 2023

(In Canadian dollars) - Unaudited

2. Basis of preparation

a) Statement of Compliance

These condensed interim consolidated financial statements (“interim financial statements”) were approved by the Board of Directors and authorized for issue on May 13, 2024.

These interim financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting using accounting policies consistent with IFRS Accounting Standards 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, 2023 and 2022 (“annual consolidated financial statements”).

b) Material accounting policy information

Basis of measurement

The accounting policies applied in the preparation of these interim financial statements are consistent with those applied and disclosed in note 3 to the annual consolidated financial statements.

Basis of consolidation

These interim financial statements include the accounts of the Company and its wholly owned subsidiaries, Minera Amari, ePower Metalen, and ePower Metals SA de CV. All significant intercompany transactions and balances have been eliminated upon consolidation.

Foreign currency transactions

Foreign currency amounts are translated into each entity’s functional currency as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into the entity’s functional currency by the use of the exchange rate in effect at that date. At the period-end date, unsettled monetary assets and liabilities are translated into the functional currency by using the exchange rate in effect at the period-end date and the related translation differences are recognized in net income.

Non-monetary assets and liabilities that are measured at historical cost are translated into the functional currency by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into the functional currency by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in profit or loss or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

The functional currency of the Company and its subsidiaries is the Canadian dollar and these interim financial statements are presented in Canadian dollars. All references to “US\$” or “USD” are to United States dollars and references to “MXN” are to Mexican pesos.

PRIME MINING CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended March 31, 2024 and 2023

(In Canadian dollars) - Unaudited

c) Critical accounting estimates and judgements

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.

The critical judgements and estimates applied in the preparation of these interim financial statements are consistent with those applied and disclosed in note 4 to the annual consolidated financial statements.

d) New accounting standards issued and not yet effective

IASB or the IFRS Interpretations Committee have issued certain pronouncements that are mandatory for accounting years beginning on or after January 1, 2024. None of these impacted or are expected to have a significant effect to the Company's interim financial statements.

3. General and administrative expense

	Note	Three months ended	
		March 31, 2024	March 31, 2023
Salaries, directors' fees and personnel	9	\$ 646,029	\$ 380,301
Consulting and professional fees	9	222,809	138,266
Investor relations		173,906	178,618
Office and other		131,622	114,303
Share-based compensation	8d), 8e), 8f), 9	737,896	752,057
		\$ 1,912,262	\$ 1,563,545

4. Value added tax receivable

Value added tax ("VAT") receivable represents a tax payment paid by the Company in Mexico which are refundable from the Mexican government.

The Company recorded the VAT paid on the purchase of Los Reyes Project resulting in a VAT receivable of US\$827,586. At March 31, 2024, there remained a VAT receivable balance of \$841,034 (US\$620,690). Upon receipt of the VAT receivable the Company is required to settle the long-term payable (note 7).

Value added tax provision

The complex application process can impact the collectability and timing of funds from the government. As a result, the Company has recognized a provision for a portion of the VAT incurred during the reporting period.

During the three months ended March 31, 2024, the Company recorded a provision for VAT incurred of \$733,219 (three months ended March 31, 2023 - \$920,008) related to additional Los Reyes Project expenditures. Since inception, the Company has recorded a VAT provision of \$7,541,024.

PRIME MINING CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended March 31, 2024 and 2023

(In Canadian dollars) - Unaudited

5. Equipment

	Office equipment	Right of use assets	Project equipment	Total
Cost				
At January 1, 2024	\$ 76,463	\$ 424,228	\$ 837,980	\$ 1,338,671
Additions	-	-	44,553	44,553
At March 31, 2024	76,463	424,228	882,533	1,383,224
Accumulated depreciation				
At January 1, 2024	70,861	295,244	402,661	768,766
Depreciation	410	11,598	27,910	39,918
At March 31, 2024	71,271	306,842	430,571	808,684
Carrying amount March 31, 2024	\$ 5,192	\$ 117,386	\$ 451,962	\$ 574,540
Cost				
At January 1, 2023	\$ 76,463	\$ 424,228	\$ 783,917	\$ 1,284,608
Additions	-	-	54,063	54,063
At December 31, 2023	76,463	424,228	837,980	1,338,671
Accumulated depreciation				
At January 1, 2023	62,007	248,852	286,795	597,654
Depreciation	8,854	46,392	115,866	171,112
At December 31, 2023	70,861	295,244	402,661	768,766
Carrying amount December 31, 2023	\$ 5,602	\$ 128,984	\$ 435,319	\$ 569,905

6. Exploration and evaluation asset and expenditures**a) Acquisition of the Los Reyes Project**

During August 2019 and subsequently amended, the Company closed the Los Reyes Assignment Agreement with Minera Alamos Inc. ("MAI"), Vista Gold Corp. ("Vista Gold"), and the Mexican subsidiaries of each of MAI and the Company, pursuant to which MAI assigned the rights to an option to earn a 100% interest in the Los Reyes Project in Sinaloa State, Mexico. During June 2021, the Company completed the final option payment cancelling all royalties and rights held by Vista Gold and completed the acquisition of the Los Reyes Project. The Los Reyes Project has certain claims that are subject to NSRs ranging from 1%-3%, with option to repurchase the 2% NSRs for US\$2,000,000 before July 31, 2053.

PRIME MINING CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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During February 2020, the Company entered into a surface-rights agreement with local landowners. The Company has the right to extend the exploration period for up to two additional years by making an annual payment of US\$20,000 in 2024 (paid) and US\$30,000 in 2025. The Company may initiate construction of a mine at any time. If construction begins prior to February 2025, the annual payment will increase to US\$30,000. Once commercial production starts, the annual payment will increase to US\$200,000. The payments are subject to customary indexing for inflation.

During July 2023, the Company entered into an additional agreement with a 15-year term with local landowners. The agreement requires an annual payment of 600,000 Mexican Pesos. Once the process of exploitation of the mining lands commences the payment amount will increase to US\$60,000 annually.

At March 31, 2024 and December 31, 2023, acquisition costs capitalized was \$12,514,568.

b) Expenditures*i. Los Reyes Project period expenditures*

Project expenditures during the three months ended March 31, 2024 and 2023, are summarized as follows:

	Note	Three months ended	
		March 31, 2024	March 31, 2023
Drilling		\$ 2,545,080	\$ 2,282,236
Salaries and personnel	9	829,427	852,816
Resource assaying, estimation and technical services		538,504	368,180
Equipment and field supplies		337,520	236,737
Land payments and maintenance		162,719	162,099
General and administrative		94,033	85,583
		\$ 4,507,283	\$ 3,987,651

ii. Los Reyes Projects cumulative expenditures

Project expenditures since acquisition, are summarized as follows:

	Total
Drilling	\$ 25,722,367
Salaries and personnel	11,351,876
Resource assaying, estimation and technical services	7,927,954
Equipment and field supplies	4,461,548
Land payments and maintenance	1,358,972
General and administrative	1,433,521
	\$ 52,256,238

PRIME MINING CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2024 and 2023

(In Canadian dollars) - Unaudited

7. Long-term payable

The Los Reyes Amended Option Agreement requires the Company to reimburse Vista Gold 90% of the VAT receivable totalling US\$744,828, associated with the Los Reyes Project purchase (notes 4 and 6) when the funds are received. The remaining payable amount of \$756,931 (US\$558,621) requires payment when the VAT receivable is collected.

Collection of the VAT receivable is not expected within twelve months and accordingly the payable is presented as a non-current liability.

8. Capital stock

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued capital

At March 31, 2024, there were 144,359,505 issued and outstanding common shares (December 31, 2023 - 143,445,525).

The Company had the following common share transactions during the three months ended March 31, 2024:

- The Company issued 125,500 common shares for gross proceeds of \$138,050 upon exercise of warrants (note 8c).
- The Company issued 750,000 common shares for gross proceeds of \$743,501 upon exercise of options.
- The Company issued 38,480 common shares upon exercise of deferred share units.

The Company had the following common share transactions during the year ended December 31, 2023:

- The Company issued 15,861,729 common shares for gross proceeds of \$30,070,771 upon exercise of warrants (note 8c).
- The Company issued 150,000 common shares for gross proceeds of \$266,750 upon exercise of options.
- The Company issued 133,333 common shares for gross proceeds of \$nil upon exercise of RSUs.
- Pursuant to an agreement entered in June 2022, the Company issued 145,745 common shares with a fair value of \$265,414 and 145,745 warrants (note 8c) to pay a financial advisory firm fee.

PRIME MINING CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended March 31, 2024 and 2023

(In Canadian dollars) - Unaudited

c) Warrants

Warrant transactions and the number of warrants outstanding during the three months ended March 31, 2024 and the year ended December 31, 2023, are summarized as follows:

	Number of warrants	Weighted average exercise price (\$)
Outstanding at December 31, 2022	38,399,638	1.93
Expired	(4,590)	2.00
Exercised ⁽¹⁾	(15,861,729)	1.90
Granted	145,745	2.25
Outstanding at December 31, 2023	22,679,064	1.95
Exercised	(125,500)	1.10
Outstanding at March 31, 2024	22,553,564	1.95

⁽¹⁾ During the year ended December 31, 2023, the volume weighted average trading price of the common shares on the TSX-V exceeded \$2.50 for ten consecutive days and the Company provided written notice to the warrant holders, accelerating the expiry date of the warrants to May 8, 2023. The Company issued 14,025,410 common shares for gross proceeds of \$28,050,820 upon exercise of the warrant relating to the warrant acceleration, 4,590 warrants expired without being exercised.

Warrants outstanding at March 31, 2024, and December 31, 2023, are as follows:

Issuance date	Expiry date	Exercise price (\$)	Warrants outstanding at	
			March 31, 2024	December 31, 2023
June 12, 2020	June 12, 2025	1.10	17,460,681	17,586,181
December 8, 2023	December 8, 2026	2.04	82,720	82,720
December 22, 2022	December 22, 2025	2.25	74,013	74,013
June 14, 2023	June 8, 2026	2.52	63,025	63,025
April 27, 2021	April 27, 2024 ⁽¹⁾	5.00	4,873,125	4,873,125

⁽¹⁾ Subsequent to March 31, 2024, 4,873,125 warrants expired.

d) Stock options

The Company has a stock option plan by which the directors may grant options to purchase common shares to directors, officers, employees and service providers of the Company on terms that the directors may determine within the limitations set forth in the stock option plan ("the plan"). The maximum number of common shares issuable upon the exercise of options granted pursuant to the plan is set at 10% of the total issued common shares. The board of directors may grant options with a life of up to ten years, however options granted to date have a maximum term of five years. Vesting terms may be set by the board of directors.

PRIME MINING CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended March 31, 2024 and 2023

(In Canadian dollars) - Unaudited

Stock option transactions and the number of stock options outstanding during the three months ended March 31, 2024, and the year ended December 31, 2023, are summarized as follows:

	Number of share options	Weighted average exercise price (\$)
Outstanding at December 31, 2022	10,510,000	1.78
Granted	900,000	1.77
Forfeited	(70,000)	3.23
Exercised	(150,000)	1.78
Outstanding at December 31, 2023	11,190,000	1.77
Granted	991,626	1.83
Exercised	(750,000)	0.99
Outstanding at March 31, 2024	11,431,626	1.82
Exercisable at March 31, 2024	10,083,334	1.83

Share options outstanding and exercisable at March 31, 2024, are as follows:

Outstanding				Exercisable		
Exercise price (\$)	Number of options	Weighted average exercise price (\$)	Weighted average remaining life of options (years)	Number of options exercisable	Weighted average exercise price (\$)	Remaining life of options (years)
0.40	2,000,000	0.40	0.51	2,000,000	0.40	0.51
0.42	200,000	0.42	0.86	200,000	0.42	0.86
0.95	2,950,000	0.95	1.21	2,950,000	0.95	1.21
1.08	200,000	1.08	4.50	66,667	1.08	4.50
1.30	300,000	1.30	1.25	300,000	1.30	1.25
1.65	300,000	1.65	1.50	300,000	1.65	1.50
1.83	991,626	1.83	4.82	-	1.83	4.82
1.92	400,000	1.92	1.34	400,000	1.92	1.34
1.97	670,000	1.97	3.87	446,667	1.97	3.87
2.05	875,000	2.05	3.38	875,000	2.05	3.38
3.53	400,000	3.53	2.99	400,000	3.53	2.99
4.18	2,145,000	4.18	2.48	2,145,000	4.18	2.48
	11,431,626	1.82	2.09	10,083,334	1.83	1.75

The fair value of stock options recognized during the three months ended March 31, 2024, as an expense was \$272,523 (three months ended March 31, 2023 - \$554,850).

PRIME MINING CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended March 31, 2024 and 2023

(In Canadian dollars) - Unaudited

The following are the weighted average assumptions used for the Black-Scholes option pricing model valuation of share options granted during the three months ended March 31, 2024 and 2023:

	Three months ended	
	March 31, 2024	March 31, 2023
Risk-free interest rate	3.52%	2.45%
Expected life of options	5 years	5 years
Annualized volatility	71.0%	86.0%
Common share price	\$1.81	\$3.53
Forfeiture rate	-	-
Dividend rate	-	-
Grant-date fair value per option	\$1.10	\$2.41

The risk-free rate of periods within the expected life of the share option is based on the Canadian government bond rate. The annualized volatility and forfeiture rate assumptions are based on historical results.

e) Restricted share units

The Company has a restricted share unit ("RSU") plan by which the directors may grant RSUs to acquire common shares to directors, officers, and employees of the Company on terms that the directors may determine within the limitations set forth in the RSU plan. The maximum number of common shares issuable upon the vesting of RSUs granted pursuant to the RSU plan combined with other share-based compensation arrangements is set at 10% of the total issued common shares. The board of directors may grant RSUs with a life of up to ten years. Vesting terms may be set by the board of directors.

No RSUs were granted during the year ended December 31, 2023.

During the three months ended March 31, 2024, the Company granted 455,846 RSUs to an officer of the Company with a fair market value of \$825,081. The RSUs vest in equal tranches on the first, second and third anniversary of the grant approval date.

	Number of RSUs
Outstanding at December 31, 2022	400,000
Settled	(133,333)
Outstanding at December 31, 2023	266,667
Granted	455,846
Outstanding at March 31, 2024	722,513

The fair value of the RSUs recognized during the three months ended March 31, 2024, included in share-based compensation expense was \$151,845 (three months ended March 31, 2023 - \$123,495).

PRIME MINING CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended March 31, 2024 and 2023

(In Canadian dollars) - Unaudited

f) Deferred share units

The Company has a deferred share unit (“DSU”) plan by which the directors may grant DSUs to acquire common shares to directors, officers, and employees of the Company on terms that the directors may determine within the limitations set forth in the DSU plan. The maximum number of common shares issuable upon the vesting of DSUs granted pursuant to the DSU plan combined with other share-based compensation arrangements is set at 10% of the total issued common shares. The board of directors may grant DSUs with a life of up to ten years. Vesting terms may be set by the board of directors. Following the vesting date, DSUs may be redeemed by holders on occurrence of certain triggering events as defined by the DSU plan.

During the three months ended March 31, 2024, the Company granted 661,202 DSUs to directors of the Company with a fair market value of \$1,196,776. The DSUs vest in twelve months.

	Number of DSUs
Outstanding at December 31, 2022	-
Granted	372,634
Outstanding at December 31, 2023	372,634
Granted	661,202
Settled	(38,480)
Outstanding at March 31, 2024	995,356

The fair value of the DSUs recognized during the three months ended March 31, 2024, included in share-based compensation expense was \$313,528 (three months ended March 31, 2023 - \$73,712).

9. Related party transactions and balances

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:

	Three months ended	
	March 31, 2024	March 31, 2023
Salaries, personnel and benefits ⁽¹⁾	\$ 601,831	\$ 350,391
Directors fees	77,990	71,138
Consulting fees	25,071	16,191
Share-based compensation	688,049	672,067
	\$ 1,392,941	\$ 1,109,787

⁽¹⁾ Salaries, personnel and benefits includes salaries of \$78,750 (three months ended March 31, 2023 - \$75,000) included in exploration and evaluation expenditures (note 6b).

Trade payables and accruals include \$8,970 (December 31, 2023 - \$875,993) owed to directors and officers of the Company.

PRIME MINING CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended March 31, 2024 and 2023

(In Canadian dollars) - Unaudited

10. Segmented information

The Company has one reportable operating segment, being the acquisition and exploration of mineral properties. At March 31, 2024 and December 31, 2023, all exploration and evaluation asset and equipment were located in Canada and Mexico.

	March 31, 2024	December 31, 2023
Canada	\$ 122,578	\$ 134,586
Mexico	12,966,530	12,949,887
	\$ 13,089,108	\$ 13,084,473

11. Supplemental disclosure with respect to cash flows

	Three months ended	
	March 31, 2024	March 31, 2023
Grant date fair value of options exercised	\$ 513,702	\$ -
Grant date fair value of DSUs exercised	\$ 73,112	\$ -

12. Financial instruments and risk management**a) Interest rate risk**

The Company's interest rate risk mainly arises from changes in the interest rates on cash. Cash generates interest based on market interest rates. At March 31, 2024, the Company was not subject to significant interest rate risk.

b) Credit risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations.

The Company manages its credit risk by investing only in high quality financial institutions.

Non-current value added tax receivable consists of a tax payment relating to the Los Reyes project acquisition paid by the Company in Mexico. Such VAT payments are considered to be refundable from the Mexican government, however it involves a complex application process, and the timing and success of collection is uncertain.

The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash and receivables.

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c) Currency risk

Currency risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. At March 31, 2024, the Company has activities in other countries which exposes the Company to foreign exchange risk.

With other variables unchanged, a 10% increase (decrease) in the Canadian dollar would have the following effect on loss for the period:

	March 31, 2024	December 31, 2023
US dollar	\$ (130,745)	\$ (86,927)
Mexican peso	\$ 60,145	\$ 16,564

The Company's financial assets and liabilities denominated in foreign currencies are as follows:

	March 31, 2024	December 31, 2023
Cash	\$ 406,215	\$ 46,438
VAT Receivable	841,034	820,924
Payables and accruals	1,097,000	832,164
Long-term payable	\$ 756,931	\$ 738,832

d) Liquidity risk

The Company manages liquidity risk by maintaining adequate cash balances. If necessary, the Company may raise funds through the issuance of debt, equity or sale of non-core assets. The Company attempts to ensure 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.

e) Fair value hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable marker data (unobservable inputs).

The carrying value of cash, trade payables and accruals, and lease liabilities approximates their fair value due to the relatively current nature of those financial instruments.

PRIME MINING CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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13. Subsequent events

Subsequent to March 31, 2024, the Company:

- Issued 108,307 common shares for gross proceeds of \$119,138 upon exercise of warrants.