



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended
March 31, 2024 and 2023

PRIME MINING CORP.

Management's Discussion and Analysis

For the three months ended March 31, 2024 and 2023

(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 13, 2024, and relates to the financial condition and results of operations for the three months ended March 31, 2024 and 2023. 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, 2024 and 2023, which have been prepared in accordance 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 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, 2024, 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 high-grade, low sulphidation epithermal gold-silver project located in Sinaloa State, Mexico. Since acquiring Los Reyes in 2019, Prime has spent \$52,256,238 on direct exploration activities and has completed over 185,000 metres of drilling. On May 2, 2023, Prime announced an updated multi-million-ounce high-grade open pit constrained resource based on exploration drilling up to December, 2022 (refer to the May 2, 2023 news release for more details).

May 2, 2023 Resource Statement

Assurance Category	Ore Tonnes Mt	Average Gold Grade (g/t)	Contained Gold (k ozs)	Average Silver Grade (g/t)	Contained Silver (k ozs)	Average AuEq Grade (g/t) ⁽¹⁾	Contained AuEq (k ozs)
Measured (M)	-	-	-	-	-	-	-
Indicated (I)	27.2	1.16	1,013	40.40	35,263	1.68	1,470
<i>M+I</i>	27.2	1.16	1,013	40.40	35,263	1.68	1,470
Inferred	18.1	0.85	497	31.52	18,334	1.26	734

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

Drilling is ongoing and 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**Los Reyes Project**

The 2024 drill program commenced January 1, 2024. Currently, four core drills are in operation targeting resource expansions along strike and down dip, as well as testing new, generative drill targets outside of the current resource footprint.

Refer to the *2024 Outlook* section below for details pertaining to the planned objectives of the 2024 drill program.

Summary of Exploration activities during Q1 2024

In Q1 2024, the Company focussed drilling activities on the following areas:

- Tahonitas at the Z-T Trend,
- Guadalupe East,
- Las Primas, and
- Noche Buena.

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During the quarter, the Company highlighted certain drill results from 2023 in the following news releases:

Prime Intercepts High Grades at Las Primas and Record High Grades at Guadalupe East - January 10, 2024

Drilling at Las Primas has intercepted several new high grade mineralized structures that appear to have many similarities to Guadalupe East, located 500m to the northeast. This discovery highlights the potential at Las Primas, which lies entirely outside of the previously reported 2023 Mineral Resource Estimate ("MRE"). Early mineralization modeling suggests a vertical extent of over 300m and 450m along strike.

Drill hole 23GE-147 at Guadalupe East contains one of the highest-grade intercepts ever recorded at the Project, with 45.3 gpt Au and 2,723 gpt Ag over 4.75m (80.6 gpt AuEq). 23GE-147 expands the very-high grade mineralization along several antithetic structures within the 2023 resource pit and returned substantially higher grades than previously estimated in many instances.

Drill Highlights – Generative: Las Primas Area

The Company reported five core holes at Las Primas. Highlights are listed below:

- 15.63 gpt AuEq (11.60 gpt Au and 311.1 gpt Ag) over 4.5 m etw in hole 23LP-18, including:
 - 27.52 gpt AuEq (20.39 gpt Au and 550.8 gpt Ag) over 2.5 m etw, and including,
 - 56.28 gpt AuEq (41.90 gpt Au and 1,111.0 gpt Ag) over 1.1 m etw;
- 1.91 gpt AuEq (1.29 gpt Au and 47.7 gpt Ag) over 10.2 m etw in 23LP-20, including
 - 6.43 gpt AuEq (2.20 gpt Au and 327.0 gpt Ag) over 1.3 m etw;
- 1.89 gpt AuEq (0.73 gpt Au and 89.6 gpt Ag) over 2.6 m etw in hole 23LP-17, including:
 - 5.61 gpt AuEq (1.97 gpt Au and 281.0 gpt Ag) over 1.0 m etw.

Drill Highlights – Expansion: Guadalupe Zone, Guadalupe East Area

The Company reported one core hole at Guadalupe East. Highlights are listed below:

- 17.95 gpt AuEq (9.69 gpt Au and 638.6 gpt Ag) over 31.3 m etw in hole 23GE-147, including:
 - 52.67 gpt AuEq (29.41 gpt Au and 1,797.3 gpt Ag) over 6.5 m etw, and including,
 - 80.57 gpt AuEq (45.34 gpt Au and 2,722.6 gpt Ag) over 3.9 m etw.

Prime Intersects 3.74 gpt AuEq Over 5.7m at Z-T in New High-Grade Mineralized Zone 350m Beyond Current Resource Pit While Extending High-Grade Shoots at Depth - February 6, 2024

Expansion Drilling Highlights in the Z-T Area

The Company reported 21 core holes at Tahonitas with the following highlights:

- 3.59 gpt AuEq (3.54 gpt Au and 4.1 gpt Ag) over 6.6 m etw in hole 23TA-85, including:
 - 6.21 gpt AuEq (6.17 gpt Au and 2.9 gpt Ag) over 1.4 m etw, and including,
 - 12.35 gpt AuEq (12.10 gpt Au and 19.1 gpt Ag) over 1.0 m etw.
- 2.09 gpt AuEq (1.26 gpt Au and 63.9 gpt Ag) over 11.6 m etw in hole 23TA-90, including:
 - 3.83 gpt AuEq (2.61 gpt Au and 94.5 gpt Ag) over 2.2 m etw.
- 3.74 gpt AuEq (0.99 gpt Au and 212.5 gpt Ag) over 5.7 m etw in hole 23TA-100, including:
 - 10.94 gpt AuEq (2.97 gpt Au and 616.0 gpt Ag) over 1.3 m etw.
- 2.33 gpt AuEq (0.83 gpt Au and 115.9 gpt Ag) over 7.1 m etw in hole 23TA-91, including:
 - 8.14 gpt AuEq (2.85 gpt Au and 409.0 gpt Ag) over 0.9 m etw.
- 2.21 gpt AuEq (0.69 gpt Au and 117.8 gpt Ag) over 5.0 m etw in hole 23TA-94.
- 6.39 gpt AuEq (4.51 gpt Au and 145.3 gpt Ag) over 1.2 m etw in hole 23TA-99.

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Prime Releases Final 2023 Drilling Results and Recap From Los Reyes; 60,000m Post Resource Drilling Contributes to Significant Mineralization Expansion - Feb 21, 2024Drilling Highlights from 2023 included the following holes, which were newly released:

At Mariposa, a generative target northwest of Z-T, returned strong gold grades:

- 3.3 gpt AuEq (3.11 gpt Au and 14.8 gpt Ag) over 1.3 m etw downhole in new hole 23MA11

Guadalupe East – High Grade Gold and Silver:

- 27.56 gpt AuEq (8.17 gpt Au and 1,498.0 gpt Ag) over 0.6 m etw in new hole 23GE-144

Orito Sur, a generative target north of Guadalupe East, returned strong gold and silver grades:

- 5.3 gpt AuEq (2.70 gpt Au and 200.5 gpt Ag) over 2.4 m etw in new hole 23OS-01

Mina, a generative target northeast of Guadalupe East, also returned strong grades:

- 4.24 gpt AuEq (2.54 gpt Au and 131.3 gpt Ag) over 4.9 m downhole in new hole 23MINA13

Central – High Grade, Near-Surface Material at Noche Buena:

- 2.43 gpt AuEq (0.91 gpt Au and 117.3 gpt Ag) over 6.5 m etw in new hole 23NB-59

Subsequent to the Quarter, the Company issued the following exploration news releases:

- **Prime Discovers New High-Grade Shoot Containing 7.68 g/t gold-equivalent over 7.7 m - High gold grade area remains open, and continues at depth and along trend at Z-T - April 10, 2024**
- **Prime Reports 11.8 gpt gold-equivalent over 3.0 metres at Las Primas And Continues to Discover High Grades at Shallow Depths - April 17, 2024**

Drilling Summary

	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

	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Drill holes completed	52	58	48	84
Drilling metres	15,712	14,895	13,241	24,642

Project Expenditures

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

	Q1 2024	Q1 2023
Drilling	\$ 2,545,080	\$ 2,282,236
Salaries and personnel	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

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Review of expenditures for Q1 2024 compared to Q1 2023

Drilling increased to \$2,545,080 compared to \$2,282,236 during Q1 2023. The fiscal 2024 exploration program has drilled more meters than fiscal 2023 exploration program increasing expenditures.

Salaries and personnel decreased to \$829,427 compared to \$852,816 during Q1 2023. Staffing levels are consistent with Q1 2023 leading to similar personnel expenditures.

Resource and estimation and technical services increased to \$538,504 compared to \$368,180 during Q1 2023. As a result of more meters drilled during Q1 2024, assaying expenditures have increased. Additionally, there was increased spending on technical programs and studies.

Equipment and field supplies increased to \$337,520 compared to \$236,737 during Q1 2023. The increase is due to increased activities at the Los Reyes Project. Additionally, more field supplies, such as core boxes, were required as a result of increased meters drilled.

Land payments and maintenance increased to \$162,719 compared to \$162,099 during Q1 2023. Property concession payments have remained consistent with Q1 2023. Additionally, road works and additional land access payments to Ejido members remained consistent.

General and administrative expenditures relate primarily to local consulting, accounting, and legal support. The expenditures increased to \$94,033. The increase is the result of increased travel to the site. Additionally, there have been increased legal and consulting expenses as a result of reviewing the mining law changes in Mexico and work with the Ejido.

Aggregate Los Reyes Project 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

Resource estimate

In May 2023, the Company reported its first mineral resource estimate ("MRE") based on the addition of Prime's drilling up to the end of 2022, of almost 110,000 m of core (90%) and Reverse Circulation (10%) drilling. The new 2023 pit constrained MRE (at 0.22 g/t Au cut-off) comprised 27.2 million tonnes Measured and Indicated resources (1,013,000 ounces contained Au at 1.16 g/t and 35.26 million ounces contained Ag at 40.4 g/t) and an additional 18.1 million tonnes (497,000 ounces contained Au at 0.85 g/t and 18.33 million ounces contained Ag at 31.5 g/t) of Inferred material.

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Compared to the 2020 MRE (pre-Prime drilling), the 2023 MRE increased the pit-constrained tonnes 38% for the Measured and Indicated category (60% increase in contained Au with a 16% increase in average gold grade, plus 112% increase in contained Ag with a 54% increase in average Ag grade). The pit-constrained tonnes increased 155% for the Inferred category (178% increase in contained Au with a 9% increase in average gold grade, plus 168% increase in contained Ag with a 5% increase in average Ag grade).

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 in accordance with NI 43-101 on June 13, 2023.

Corporate

Management

During February 2024, Mr. Scott Hicks, assumed the role of Chief Executive Officer. Mr. Daniel Kunz remains as a strategic advisor and director.

Directors

During January 2024, Mr. Scott Hicks was appointed to the Board of Directors, concurrent with his CEO appointment.

Deferred share units grants

During January 2024, DSUs were granted to purchase 661,202 common shares. The DSUs were granted to the board of directors and will vest after twelve months.

Restricted share units grant

During January 2024, restricted share units ("RSUs") were granted to purchase 455,846 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 at the end of the third year.

Stock options grants

During January 2024, stock options were granted to purchase up to 991,626 common shares at a price of \$1.83 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.

As expected, and required by law, the government has appealed the rulings. However, the rulings are expected to be upheld given the procedural shortcomings of the 2023 mining law implementation and likelihood that the 2023 reforms will be deemed unconstitutional by the Supreme Court.

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2024 OUTLOOK

The Company is targeting 40,000 metres in its fiscal 2024 drill program and will continue to evaluate drilling plans using its success-based approach. This evaluation will also include prioritization of targets based on probability of resource development and generative area discovery potential. Additional work will include geological mapping and geochemical sampling.

Four drill rigs are active on site at Los Reyes, with fiscal 2024 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 at Noche Buena and its connection to San Miguel East.
- Generative target drilling of high-grade intercepts at Las Primas, Mariposa, Fresnillo, Mina and others to further develop the resource potential at Los Reyes.

Project activities are also planned to include:

- Technical: Continue preliminary investigations of metallurgical, geotechnical and mine planning parameters, including process flowsheet optimization, assessment of open pit versus underground opportunities and evaluation of permitting requirements.
- Community Engagement: Continue to engage with local ejidos (communities) through educational and community programming, access (road) improvements and water access.
- Los Reyes Resource Update: Target a late-2024 resource increase, subject to drilling results from the full year 2023 and on-going 2024.

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QUARTERLY RESULTS

	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

	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Loss for the period	\$ (5,995,467)	\$ (6,378,755)	\$ (5,891,219)	\$ (7,063,916)
Loss per share – basic and diluted	(0.05)	(0.06)	(0.05)	(0.06)
Total assets	33,829,051	38,105,206	23,648,743	28,552,940
Total non-current liabilities	872,751	883,021	901,420	864,379
Cash balance	19,240,951	23,811,434	9,344,844	14,441,284
Working capital	\$ 18,692,657	\$ 22,853,882	\$ 8,732,247	\$ 13,690,114

Review of Consolidated Financial Information for Q1 2024 compared to Q1 2023

Loss for the Company was \$6,450,142 (\$0.04 per share) compared to \$5,995,467 (\$0.05 per share) during Q1 2023, as a result of the following factors:

Corporate and administrative expense

Corporate and administrative expenses increased to \$1,912,262 compared to \$1,563,545 during Q1 2023. The significant cash components of these expenses include salaries and personnel, consulting and professional fees and investor relations.

Salaries and personnel increased to \$646,029 compared to \$380,301 during Q1 2023, as a result of adjustments to senior management salaries and additions to the senior management group. Additionally, a severance amount was paid to a member of the senior management group.

Consulting and professional fees include legal, accounting, capital and strategic advisors, increased to \$222,809 compared to \$138,266 during Q1 2023, as a result of additional financial advisory firm fees.

Investor relations expenses includes news releases, communications programs, and participation at conferences. The expense decreased to \$173,906 compared to \$178,618 during Q1 2023. During Q1 2024, similar investor relations efforts were undertaken.

The significant non-cash component of these expenses includes share-based compensation, which was \$737,896 compared to \$752,057 during Q1 2023. The decrease is a result of less vesting value of granted options, as options remaining to vest had less fair value per option. This decrease was offset by RSU and DSU expense of \$151,845 and \$313,528, respectively, related to the granting and vesting of units during Q1 2024.

Exploration and evaluation

Exploration and evaluation expense was \$4,507,283 compared to \$3,987,651 during Q1 2023. The Company increased exploration activities at the Los Reyes Project. Refer to the *Highlights and Key Developments* section above.

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Value added tax provision

Value added tax provision decreased to \$733,219 compared to \$920,008 as a result of 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 current quarter, the Company incurred unrealized foreign exchange gains related to the VAT receivable.

Interest income

Interest income increase to \$419,714 compared to \$173,026 during Q1 2023. The Company maintained significant cash balances that earned interest during Q1 2024.

Significant Quarterly Variations

- Q2 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 including related VAT.
- Q3 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.
- Q4 2022 - The Company incurred additional salaries and personnel expense of \$815,494 which included senior management bonuses. There was share-based compensation expense of \$675,100. Additionally, exploration and evaluation expenses of \$3,988,322 were incurred at the Los Reyes Project.
- Q1 2023 - The Company incurred additional salaries and personnel expense of \$380,301 related to normal operations. There was share-based compensation expense of \$752,057. Additionally, exploration and evaluation expenses of \$3,987,651 were incurred at the Los Reyes Project. A value added tax provision of \$920,008 further increased the loss for the period.
- 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.

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Cash flows

	Three months ended	
	March 31, 2024	March 31, 2023
Cash used in operating activities	\$ (7,157,869)	\$ (5,275,869)
Cash provided by financing activities	869,190	535,714
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

Operating activities

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.

During Q1 2023, salaries and personnel expenditures of \$380,301 were incurred by the Company which is a significant portion of the operating expenditures. There were office rent and administrative expenditures of \$114,303. Legal and accounting expenditures of \$138,266 were also incurred. Additional expenditures of \$3,987,651 were incurred relating to Los Reyes Project. The Company incurred VAT expenditures of \$920,008.

Financing activities

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.

During Q1 2023, the Company issued 950,000 common shares for gross proceeds of \$1,045,000 upon exercise of warrants. Subsequent to March 31, 2023, \$418,000 was received related to the exercise of warrants.

Investing activities

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

During Q1 2023, the Company received interest of \$173,026.

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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, 2024, the Company had working capital of \$26,684,339 including cash of \$27,897,697, compared to a working capital of \$31,532,347 at December 31, 2023. Accounts payable and accruals decreased to \$1,314,347 compared to \$2,430,553, at December 31, 2023, due to prior year bonuses being paid to senior management. The long-term payable of \$756,931 requires payment when the value added tax receivable of \$841,034 is refunded.

At March 31, 2024, 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 \$133,102 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:

	Q1 2024	Q1 2023
Salaries, personnel and benefits	\$ 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

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

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OUTSTANDING SHARE DATA

At May 13, 2024, the Company had the following equity securities outstanding:

	Authorized	Outstanding
Equity securities – voting	Unlimited common shares	144,467,812 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 11,431,626 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 722,513 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 995,356 common shares
Warrants convertible to voting common shares		Warrants to acquire 17,572,132 common shares

MATERIAL ACCOUNTING POLICY INFORMATION

The condensed interim consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"), effective as of March 31, 2024. The Company's material accounting policy information are described in note 3 of the Company's consolidated financial statements for the years ended December 31, 2023 and 2022.

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 condensed interim consolidated financial statements for the three months ended March 31, 2024 and 2023, are consistent with those applied and disclosed in the Company's annual consolidated financial statements.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist of cash, 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

In compliance with the Canadian Securities Administrators' Regulation we have filed certificates signed by the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") that, among other things, report on the design of disclosure controls and procedures and the design of internal controls over financial reporting.

Disclosure Controls and Procedures

The CEO and the CFO have designed disclosure controls and procedures, or have caused them to be designed under their supervision, in order to provide reasonable assurance that:

- i. material information relating to the Corporation has been made known to them; and
- ii. information required to be disclosed in the Corporation's filings is recorded, processed, summarized and reported within the time periods specified in securities legislation.

There were no changes made to the Company's disclosure controls and procedures in Q1 2024.

Internal Control over Financial Reporting

The CEO and the CFO have also designed internal controls over financial reporting ("ICFR") or have caused them to be designed under their supervision, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management has undertaken to put into place or caused to be put in place under its supervision, a system of internal controls appropriate for its size, and reflective of its level of operations.

Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable, not absolute, assurance with respect to financial statement preparation and presentation. There have been no significant changes in our internal controls during the three months ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that any design will not succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

OFF-BALANCE SHEET ARRANGEMENTS

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

PROPOSED TRANSACTIONS

At March 31, 2024, 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, 2023, dated March 25, 2024.

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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" is grams per metric tonne; 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\$1,700 per ounce and silver price of \$22 per ounce, based on the formula $AuEq\ grade\ (gpt) = Au\ grade + (Ag\ grade \times \$22 / \$1,700)$. Metallurgical recoveries are not considered in the in-situ grade estimate but are estimated to be 93% and 83% for gold and silver, respectively, when processed in a mill, and 72% and 25% respectively when heap-leached. See the June 12, 2023 Los Reyes Technical Report for additional details.

NEWS RELEASES WITH SUPPORTING TECHNICAL DATA

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

- *PRIME INTERCEPTS HIGH GRADES AT LAS PRIMAS AND RECORD HIGH GRADES AT GUADALUPE EAST* dated January 10, 2024.
- *PRIME ANNOUNCES 2024 OUTLOOK FOR ITS HIGH-GRADE LOS REYES GOLD-SILVER PROJECT* dated January 24, 2024.
- *PRIME INTERSECTS 3.74 GPT AUEQ OVER 5.7M AT Z-T IN NEW HIGH-GRADE MINERALIZED ZONE 350M BEYOND CURRENT RESOURCE PIT WHILE EXTENDING HIGH-GRADE SHOOT AT DEPTH* dated February 6, 2024.
- *PRIME RELEASES FINAL 2023 DRILLING RESULTS AND RECAP FROM LOS REYES* dated February 21, 2024.
- *Prime Discovers New High-Grade Shoot Containing 7.68 g/t gold-equivalent over 7.7 m* dated April 10, 2024.
- *Prime Reports 11.8 gpt gold-equivalent over 3.0 metres at Las Primas And Continues to Discover High Grades at Shallow Depths* dated April 17, 2024.

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.

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.