

The logo consists of three vertical bars of increasing height from left to right, colored in a gold or light brown hue.

**PRIME MINING CORP.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended  
January 31, 2021 and 2020  
(Unaudited)



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

For the three and nine months ended January 31, 2021 and 2020

(In Canadian dollars, except share numbers and per share amounts) - Unaudited

	Note	Three months ended January 31,		Nine months ended January 31,	
		2021	2020	2021	2020
<b>Operating expenses</b>					
General and administrative	3	\$ 1,116,090	\$ 773,924	\$ 5,102,878	\$ 3,561,545
Depreciation	5	25,376	23,946	81,833	66,272
Financing		1,735	75,851	21,909	593,280
Property investigation		-	-	-	43,407
Foreign exchange		(59,802)	407	(62,774)	40,126
<b>Loss from operations</b>		<b>(1,083,399)</b>	<b>(874,128)</b>	<b>(5,143,846)</b>	<b>(4,304,630)</b>
Interest income		-	-	1,528	20
Rent recovery		29,857	22,475	93,849	67,426
Geological services		-	-	-	16,043
<b>Loss and comprehensive loss for the period</b>		<b>\$ (1,053,542)</b>	<b>\$ (851,653)</b>	<b>\$ (5,048,469)</b>	<b>\$ (4,221,141)</b>
<b>Weighted average shares</b>					
<b>outstanding - basic and diluted</b>		<b>86,006,039</b>	<b>58,982,106</b>	<b>81,100,710</b>	<b>41,280,640</b>
<b>Loss per share - basic and diluted</b>		<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.06)</b>	<b>\$ (0.10)</b>

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

**PRIME MINING CORP.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For the nine months ended January 31, 2021 and 2020  
(In Canadian dollars) - Unaudited

	January 31, 2021	January 31, 2020
<b>OPERATING ACTIVITIES</b>		
Loss for the period	\$ (5,048,469)	\$ (4,221,141)
Items not affecting cash:		
Depreciation	81,833	66,272
Interest (income) expense, net	(1,528)	(20)
Share-based compensation	3,182,400	1,493,600
Financing expense	21,909	593,280
Shares paid for services	-	30,000
Foreign exchange	(53,112)	-
	<b>(1,816,967)</b>	<b>(2,038,009)</b>
Change in non-cash working capital items:		
Receivables	109,659	(101,677)
Prepaid expense	197,722	(447,521)
Payables and accruals	(29,565)	(29,429)
Cash used in operating activities	<b>(1,539,151)</b>	<b>(2,616,636)</b>
<b>FINANCING ACTIVITIES</b>		
Shares issued for cash	13,755,934	8,687,948
Share issuance costs	(568,530)	(416,883)
Advance from related parties	-	(40,000)
Lease liability	(61,920)	(50,888)
Loan payable	-	2,000,000
Repayment of loans	(1,000,000)	(1,201,345)
Finance expense	(164,678)	(76,634)
Cash provided by financing activities	<b>11,960,806</b>	<b>8,902,198</b>
<b>INVESTING ACTIVITIES</b>		
Value added tax receivable	(1,010,340)	-
Exploration and evaluation assets	(4,573,697)	(4,678,003)
Purchase of equipment	(19,113)	(95,820)
Interest received	1,528	20
Cash used in investing activities	<b>(5,601,622)</b>	<b>(4,773,803)</b>
<b>Increase in cash</b>	<b>4,820,033</b>	<b>1,511,759</b>
<b>Cash, beginning of period</b>	<b>1,020,820</b>	<b>6,244</b>
<b>Cash, end of period</b>	<b>\$ 5,840,853</b>	<b>\$ 1,518,003</b>

Supplemental disclosure with respect to cash flows (note 12)

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

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

For the nine months ended January 31, 2021 and 2020

(In Canadian dollars, except share numbers) - Unaudited

	Note	Common shares	Share capital	Share subscription received	Reserves	Deficit	Shareholders' Equity
At April 30, 2020		59,599,382	\$ 49,827,410	\$ -	\$ 6,768,644	\$ (48,099,826)	\$ 8,496,228
Private placement, net of share issuance costs	9b)	20,000,000	9,431,470	-	-	-	9,431,470
Shares issued for property acquisition	9b)	330,000	465,000	-	-	-	465,000
Stock options exercised	9b)	2,090,000	1,478,964	-	(632,964)	-	846,000
Warrants exercised	9b)	5,969,868	3,226,778	-	(151,844)	-	3,074,934
Warrants issued to financial advisory firm		-	-	-	240,000	-	240,000
Stock-based compensation	9d)	-	-	-	3,182,400	-	3,182,400
Loss for the period		-	-	-	-	(5,048,469)	(5,048,469)
<b>At January 31, 2021</b>		<b>87,989,250</b>	<b>\$ 64,429,622</b>	<b>\$ -</b>	<b>\$ 9,406,236</b>	<b>\$ (53,148,295)</b>	<b>\$ 20,687,563</b>

	Note	Common shares	Share capital	Share subscription receivable	Reserves	Deficit	Shareholders' Equity
At April 30, 2019		18,374,238	\$ 37,930,033	\$ -	\$ 4,383,164	\$ (37,222,020)	\$ 5,091,177
Private placement, net of share issuance costs	9b)	29,051,327	8,143,215	(1,200)	155,300	-	8,297,315
Shares issued for property acquisition	9b)	10,336,250	3,102,525	-	457,800	-	3,560,325
Shares issued to bridge loan lenders	9b)	1,333,334	400,000	-	-	-	400,000
Warrants exercised		12,500	3,750	-	-	-	3,750
Stock-based compensation	9d)	-	-	-	1,493,600	-	1,493,600
Loss for the period		-	-	-	-	(4,221,141)	(4,221,141)
At January 31, 2020		59,107,649	\$ 49,579,523	\$ (1,200)	\$ 6,489,864	\$ (41,443,161)	\$ 14,625,026

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 and nine months ended January 31, 2021 and 2020

(In Canadian dollars, except share numbers) – 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.

<b>Subsidiary</b>	<b>Jurisdiction</b>	<b>Operating status</b>
Minera Amari SA de CV (“Minera Amari”)	Mexico	Los Reyes project
Exploracion Auramex SA de CV (“Auramex”)	Mexico	Magenta project
ePower Metals SA de CV	Mexico	Holding mineral claims
Argus Metals (BGI) Inc.	Barbados	Inactive
ePower Metalen	Suriname	Inactive
ePower Metals (USA) Inc.	United States	Inactive

The Company is listed for trading on the TSX Venture Exchange (“TSX-V” or the “Exchange”) under the symbol PRYM. The Company’s head office and principal place of business is located at Suite 1507, 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 \$5,048,469 during the nine months ended January 31, 2021 and, as of that date, the Company’s deficit was \$53,148,295. 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 \$5,840,853 at January 31, 2021 that will be sufficient to maintain operations for at least the next twelve months.

During March 2020, the World Health Organization declared covid-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak 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 and nine months ended January 31, 2021 and 2020

(In Canadian dollars, except share numbers) – Unaudited

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**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 March 25, 2021.

These interim financial statements have been prepared in accordance with International Accounting Standard 34 - *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. 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 annual consolidated financial statements for the years ended April 30, 2020 and 2019 (“annual consolidated financial statements”).

**b) Significant accounting policies**

*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, Auramex, Argus Metals (BGI) Inc., ePower Metalen, ePower Metals SA de CV, and ePower Metals (USA) Inc. 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 financial statements are presented in Canadian dollars.

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

For the three and nine months ended January 31, 2021 and 2020

(In Canadian dollars, except share numbers) – 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) Comparatives**

Certain comparatives have been reclassified to conform to the current period's presentation.

**e) 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 May 1, 2020. None of these are expected to be relevant to the Company's financial statements.

**3. Corporate and administration expense**

		Three months ended		Nine months ended	
	Note	January 31,		January 31,	
		2021	2020	2021	2020
Salaries and personnel	10	\$ 274,605	\$ 105,370	\$ 1,086,788	\$ 677,652
Consulting and professional fees		76,267	68,112	274,560	396,681
Investor relations		33,444	442,220	283,035	738,259
Office and other		(6,126)	73,222	276,095	255,353
Share-based compensation	9d)	737,900	85,000	3,182,400	1,493,600
		\$ 1,116,090	\$ 773,924	\$ 5,102,878	\$ 3,561,545

**4. Value added tax receivable**

Value added tax ("VAT") receivable represents tax payments for supplies and services paid by the Company in Mexico which are refundable from the Mexican government. The Company recorded 90% of the VAT paid on the purchase of Los Reyes Project resulting in a VAT receivable of \$1,048,944. Upon receipt the VAT receivable the Company is required to settle the long-term payable (note 8).

The recovery of VAT receivable involves a complex application process, and the timing of collection is uncertain. Accordingly, the Company capitalizes other VAT payments to the exploration and evaluation asset. Any subsequent VAT receipt is recorded as a recovery of exploration and evaluation expenditures.

The Company has not recognized a loss allowance for expected credit losses as the VAT receivable is not a contract asset and therefore outside the scope of IFRS 9.



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

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**5. Property and equipment**

	Prime office and equipment	Right of use assets	Project equipment	Total
<b>Cost</b>				
At May 1, 2020	\$ 62,965	\$ 192,268	\$ 120,114	\$ 375,347
Additions	3,940	-	15,173	19,113
<b>At January 31, 2021</b>	<b>66,905</b>	<b>192,268</b>	<b>135,287</b>	<b>394,460</b>
<b>Accumulated depreciation</b>				
At May 1, 2020	26,888	69,912	14,569	111,369
Depreciation	11,319	52,434	18,080	81,833
<b>At January 31, 2021</b>	<b>38,207</b>	<b>122,346</b>	<b>32,649</b>	<b>193,202</b>
<b>Carrying amount</b>				
January 31, 2021	\$ 28,698	\$ 69,922	\$ 102,638	\$ 201,258

	Prime office and equipment	Right of use assets	Project equipment	Total
<b>Cost</b>				
At May 1, 2019	\$ 53,511	\$ -	\$ 32,635	\$ 86,146
Additions	9,454	192,268	87,479	289,201
<b>At April 30, 2020</b>	<b>62,965</b>	<b>192,268</b>	<b>120,114</b>	<b>375,347</b>
<b>Accumulated depreciation</b>				
At May 1, 2019	18,425	-	3,263	21,688
Depreciation	8,463	69,912	11,306	89,681
<b>At April 30, 2020</b>	<b>26,888</b>	<b>69,912</b>	<b>14,569</b>	<b>111,369</b>
<b>Carrying amount April 30, 2020</b>	<b>\$ 36,077</b>	<b>\$ 122,356</b>	<b>\$ 105,545</b>	<b>\$ 263,978</b>

**6. Exploration and evaluation assets**

At May 1, 2019	\$ 5,693,906
Expenditures	150,007
Los Reyes acquisition	7,531,775
Los Reyes expenditures	1,168,264
Impairment <sup>(1)</sup>	(5,843,913)
<b>At April 30, 2020</b>	<b>8,700,039</b>
<b>Los Reyes acquisition</b>	<b>3,728,939</b>
<b>Los Reyes expenditures</b>	<b>2,326,790</b>
<b>At January 31, 2021</b>	<b>\$ 14,755,768</b>

<sup>(1)</sup> During the year ended April 30, 2020, the Company impaired \$1,153,617 and \$4,690,296 related to the Magenta Project and Panther Creek Project, respectively. The Company evaluated the projects and concluded that no further investment was warranted. No subsequent expenditures related to the projects have been capitalized.

**PRIME MINING CORP.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended January 31, 2021 and 2020

(In Canadian dollars, except share numbers) – Unaudited

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**a) Los Reyes Project**

*Acquisition*

In August 2019, the Company closed the Los Reyes Assignment Agreement with Minera Alamos Inc. ("MAI"), Vista Gold Inc. ("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.

The Company funded an initial option payment of US\$1,500,000 through a bridge loan of \$2,000,000 which was previously arranged through a group of lenders consisting of Andrew Bowering, George Dengin and Perfect Storm Holdings Ltd. (the "Lenders"). The bridge loan was unsecured, bore interest at 12% per year compounded monthly, and had a term of 12 months. In consideration for providing the bridge loan, the Company paid a commitment fee of \$40,000 and issued 1,333,334 common shares to the Lenders (the "Bonus Shares"). In September 2019, the Company repaid George Dengin and Perfect Storm Holdings Ltd. \$1,000,000 of the bridge loan, \$20,000 commitment fee, interest and issued all the bonus shares. The Company repaid the balance of the loan, interest and commitment fee due to Andrew Bowering in June 2020 (note 7).

In consideration for introducing the transaction to the Company, and for assisting in its facilitation, the Company agreed to issue up to 1,216,250 common shares to two arms'-length parties, Jeremy Ross and Sandwedge Consulting Ltd. A total of 556,250 finders' shares were issued on completion of the Transaction, with a further 330,000 finders' shares to be issued upon completion of each of two US\$1,500,000 option payments. The Company issued 330,000 common shares in December 2019 and the final tranche of 330,000 common shares valued at \$465,000 was issued in January 2021.

On June 12, 2020, with subsequent amendments, the Company entered into an amended option agreement for the Los Reyes Project with Vista Gold (the "Los Reyes Amended Option Agreement"). The Los Reyes Amended Option Agreement provides for the cancellation of all ongoing net smelter royalties ("NSR") and back-in rights ("Back-in Right") held by Vista Gold, in consideration for accelerating the final US\$1,500,000 option payment owing to Vista Gold (paid) and paying (1) US\$1,100,000 no later than six months from the acquisition date (paid); and (2) US\$1,000,000 no later than 12 months from the acquisition date. If the Company fails to make the US\$1,100,000 and US\$1,000,000 payments, Vista Gold will have the right to reinstate its NSRs and Back-in Rights.

In summary, to acquire the Property, the Company:

- Paid US\$1,500,000 to MAI, to reimburse MAI for the cost of an option payment required to be made to Vista Gold in April 2019.
- Assumed MAI's remaining option payments of US\$3,000,000 in favour of Vista Gold of which US\$1,500,000 was paid in October 2019 and US\$1,500,000 was paid in July 2020.
- Issued to MAI 9,450,000 common shares and 3,350,000 common share purchase warrants entitling MAI to acquire further common shares at a price \$0.50 per share for a period of 24 months.

In February 2020, the Company entered into a surface-rights agreement with local landowners subject to which it paid MXN 700,000 (\$51,000) for past and future land access through to January 2023. 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 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.

In January 2021, the first US\$1,100,000 payment was made to Vista Gold.

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

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*Expenditures*

Project expenditures during the nine months ended January 31, 2021, and year ended April 30, 2020, are summarized as follows:

	Note	January 31, 2021	April 30, 2020
Salaries and personnel	10	\$ 846,226	\$ 245,240
Land payments and maintenance		150,766	224,189
Drilling		181,477	-
Equipment and field supplies		165,353	299,316
Resource estimation and technical services		566,763	306,220
General and administrative		110,121	93,299
Value added tax		306,084	-
		\$ 2,326,790	\$ 1,168,264

**7. Loan payable**

At January 31, 2021, the loan payable balance was \$nil (April 30, 2020 - \$1,149,416). During the nine months ended January 31, 2021, the Company repaid the balance outstanding and interest of \$1,149,416 and \$15,262, respectively. The loan included amounts owed to related parties and bore an interest rate of 12% per year compounded monthly.

**8. Long-term payable**

The Los Reyes Amended Option Agreement requires the Company to reimburse Vista Gold 90% of the VAT receivable of \$951,890 (US\$744,828), associated with the Los Reyes Project purchase (notes 4 and 6) when the funds are received. Collection of the VAT receivable is not expected within twelve months and accordingly is presented as a non-current liability.

**9. Capital stock****a) Authorized share capital**

Unlimited number of common shares without par value.

**b) Issued capital**

At January 31, 2021, there were 87,989,250 issued and outstanding common shares (April 30, 2020 - 59,599,382).

The Company had the following common share transactions during the nine months ended January 31, 2021:

- On June 12, 2020, the Company closed a private placement of 20,000,000 units at a price of \$0.50 per unit for gross proceeds of \$10,000,000. Each unit consists of one common share and one common share purchase warrant exercisable at a price of \$1.10 until June 12, 2025. Clarus Securities Inc. and Desjardins Securities Inc. acted as co-lead agents in connection with completion of the offering. The Company paid a cash commission of \$397,200, out-of-pocket costs of \$81,275 to finders and \$90,055 in direct costs in connection with the private placement.
- The Company issued 330,000 common shares valued at \$465,000 related to finders' fees (note 6).

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

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- The Company issued 5,969,868 common shares for gross proceeds of \$3,074,934 upon exercise of warrants. Proceeds of \$165,000 were received subsequent to January 31, 2021, and are included in receivables at period end.
- The Company issued 2,090,000 common shares for gross proceeds of \$846,000 upon exercise of options.

The Company had the following common share transactions during the year ended April 30, 2020:

- The Company completed a private placement that raised \$8,715,398 through the issuance of 29,051,327 units at \$0.30 per unit. Each unit comprises one common share and one-half of a share purchase warrant. Each whole warrant entitles the holder to acquire a further common share at a price of \$0.50 per share until August 28, 2021. The Company paid finders' fees of \$360,465 and issued finders' warrants to purchase up to 1,164,594 common shares at a price of \$0.50 per share until August 28, 2021 to certain eligible parties who introduced subscribers to the financing.
- The Company issued MAI 9,450,000 common shares valued at \$2,835,000 and 3,350,000 common share purchase warrants valued at \$457,800 entitling MAI to acquire further common shares at a price \$0.50 per share for a period of 24 months (note 6).
- The Company issued 556,250 common shares valued at \$166,875 on completion of the MAI transaction and 330,000 common shares valued at \$100,650 in December 2019 as finders' fees (note 6).
- The Company issued 1,333,334 common shares valued at \$400,000 to the lenders of a bridge loan facility.
- The Company issued 464,233 common shares for gross proceeds of \$229,617 upon exercise of warrants.
- The Company issued 40,000 common shares for gross proceeds of \$16,000 upon exercise of options.

**c) Warrants**

Warrant transactions and the number of warrants outstanding during the nine months ended January 31, 2021, and year ended April 30, 2020, are summarized as follows:

	Number of warrants	Weighted average exercise price
Outstanding at April 30, 2019	4,118,913	0.68
Granted	19,040,258	0.50
Exercised	(464,233)	0.49
Expired	(4,106,413)	0.68
Outstanding at April 30, 2020	<b>18,588,525</b>	<b>0.50</b>
Granted	<b>21,200,000</b>	<b>1.10</b>
Exercised	<b>(5,969,868)</b>	<b>0.52</b>
<b>Outstanding at January 31, 2021</b>	<b>33,818,657</b>	<b>0.87</b>

Warrants outstanding at January 31, 2021, are as follows:

Issuance date	Expiry date	Exercise price	Warrants outstanding at	
			January 31, 2021	April 30, 2020
August 28, 2019	August 28, 2021	\$0.50	<b>12,768,657</b>	18,588,525
June 12, 2020 <sup>(1)</sup>	June 12, 2025	\$1.10	<b>21,050,000</b>	-

<sup>(1)</sup> The Company paid a financial advisory firm a fee of 1,200,000 warrants for consulting advisory services to be provided over 24 months. The warrants were valued at \$240,000 based on the fair value of the services. At January 31, 2021, \$160,000 is included in prepaid expenses.

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

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**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.

Stock option transactions and the number of stock options outstanding during the nine months ended January 31, 2021, and year ended April 30, 2020, are summarized as follows:

	Number of share options	Weighted average exercise price
Outstanding at April 30, 2019	1,320,000	1.08
Granted	5,350,000	0.40
Exercised	(40,000)	0.40
Forfeited	(1,175,000)	1.16
Outstanding at April 30, 2020	<b>5,455,000</b>	<b>0.40</b>
Granted	<b>4,700,000</b>	<b>1.16</b>
Exercised	<b>(2,090,000)</b>	<b>0.40</b>
Forfeited	<b>(90,000)</b>	<b>0.43</b>
<b>Outstanding at January 31, 2021</b>	<b>7,975,000</b>	<b>0.85</b>
<b>Exercisable at January 31, 2021</b>	<b>6,266,667</b>	<b>0.75</b>

Share options outstanding and exercisable at January 31, 2021, 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	3,025,000	0.40	3.68	3,025,000	0.40	3.68
0.42	250,000	0.42	4.02	250,000	0.42	4.02
0.95	3,100,000	0.95	4.37	2,066,667	0.95	4.37
1.30	750,000	1.30	4.41	500,000	1.30	4.41
1.65	300,000	1.65	4.67	100,000	1.65	4.67
1.75	125,000	1.75	4.87	41,667	1.75	4.87
1.92	425,000	1.92	4.50	283,333	1.92	4.50
	<b>7,975,000</b>	<b>0.85</b>	<b>4.13</b>	<b>6,266,667</b>	<b>0.75</b>	<b>4.04</b>

The fair value of stock options recognized during the nine months ended January 31, 2021, as an expense was \$3,182,400 (nine months ended January 31, 2020 - \$1,493,600).

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

For the three and nine months ended January 31, 2021 and 2020

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The following are the weighted average assumptions used for the Black-Scholes option pricing model valuation of share options granted during the nine months ended January 31, 2021 and 2020:

	<b>Nine months ended January 31,</b>	
	<b>2021</b>	<b>2020</b>
Risk-free interest rate	<b>0.36%</b>	1.25%
Expected life of options	<b>5 years</b>	5 years
Annualized volatility	<b>90%</b>	103%
Forfeiture rate	<b>0.0%</b>	0.0%
Dividend rate	<b>0.0%</b>	0.0%
Weighted average grant-date fair value per option	<b>\$0.79</b>	\$0.30

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.

**10. 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, 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:

	<b>Nine months ended January 31,</b>	
	<b>2021</b>	<b>2020</b>
Salaries, personnel and benefits	\$ <b>1,034,682</b>	\$ 773,472
Directors fees	<b>126,651</b>	-
Share-based compensation	<b>2,771,615</b>	1,008,788
	<b>\$ 3,932,948</b>	\$ 1,782,260

Payables and accruals include \$16,250 (April 30, 2020 - \$30,000) owed to directors and officers of the Company.

During the nine months ended January 31, 2021, the Company repaid the loan balance, interest and commitment fee owed to a director and officer of the Company (note 7).

**11. Segmented information**

The Company has one reportable operating segment, being the acquisition and exploration of mineral properties. At January 31, 2021, and April 30, 2020, all exploration and evaluation assets and equipment were located in Canada and Mexico.

	<b>January 31,</b>	<b>April 30,</b>
	<b>2021</b>	<b>2020</b>
Canada	\$ <b>98,620</b>	\$ 262,865
Mexico	<b>14,858,406</b>	8,700,039
	<b>\$ 14,957,026</b>	\$ 8,962,904

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

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**12. Supplemental disclosure with respect to cash flow**

	For the nine months ended January 31,	
	2021	2020
Prepaid consulting fees paid with warrants	\$ 240,000	\$ -
Non-current payables for exploration and evaluation assets	1,005,000	-
Shares issued on warrant exercise included in receivables	165,000	-
Grant date fair value of stock options exercised	632,964	-
Right of use asset	-	192,268
Issuance date fair value of warrants exercised	151,844	-
Shares issued for property acquisition	465,000	3,102,525
Shares issued for bridge loan	-	400,000
Current payables for exploration and evaluation assets	148,943	-
Fair value of warrants issued as finder's fees	-	155,300
Fair value of warrants issued as MAI consideration	\$ -	\$ 457,800

**13. 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 January 31, 2021, 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's credit risk arises primarily with respect to money market investments.

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

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

**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 January 31, 2021, 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:

	January 31, 2021	April 30, 2020
US dollar	\$ 71,891	\$ 6,394
Mexican peso	\$ 52,693	\$ 24,432

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

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

	January 31, 2021		April 30, 2020
Cash	\$ 1,670,797	\$	33,620
Receivables	1,067,262		67,042
Payables and accruals	540,332		408,925
Long-term payable	\$ 951,890	\$	-

**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).

Cash is measured at fair value using Level 1. The carrying value of receivables, payables and accruals, loan payable and lease liability approximates their fair value due to the relatively current nature of those financial instruments.

**14. Subsequent events**

The Company issued 849,333 common shares for gross proceeds of \$544,667 upon exercise of warrants.

The Company received \$75,875 on the exercise of 151,750 warrants for which common shares have not yet been issued.

The Company issued 110,000 common shares for gross proceeds of \$44,000 upon exercise of options.