



MANAGEMENT'S DISCUSSION AND ANALYSIS

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

PRIME MINING CORP.

Management's Discussion and Analysis

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

(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 March 25, 2021, and relates to the financial condition and results of operations for the three and nine months ended January 31, 2021. 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 and nine months ended January 31, 2021, which have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting using accounting consistent with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). As such, the 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 April 30, 2020 and 2019 ("audited 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. The three months ended January 31, 2021 and 2020, are also referred to as "Q3 2021" and "Q3 2020", respectively. The nine months ended January 31, 2021 and 2020, are also referred to as "YTD 2021" and "YTD 2020", respectively. All amounts are presented in Canadian dollars, the Company's presentation currency, unless otherwise stated. References to "US\$" and "MXP" 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. On August 27, 2019, the Company changed its name from ePower Metals Inc. to Prime Mining Corp. Prime is a reporting issuer in British Columbia and Alberta, and a Tier 2 issuer on the TSX Venture Exchange ("TSX-V"). 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 has wholly owned subsidiaries in the United States, Suriname, Mexico and Barbados 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-V 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 we work in;
- 2) use of resources to create maximum value at Los Reyes; and
- 3) corporate responsibility and governance.

During YTD 2021, the Company has seen progress in all three areas with continued emphasis on operating under appropriate covid-19 guidelines, strengthened exploration team performance and advances in our corporate administration.

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Los Reyes Gold and Silver Project

Located 43 kilometres south east of the mining centre of Cosala, Sinaloa, Los Reyes has a mining history that stretches back into the 1700s and has seen small-scale mining activity as recently as the 1980s. In the 1990s, Northern Crown Mines Ltd. explored the property, drilling 381 reverse circulation holes and commissioned a resource estimate and prefeasibility study on the Zapote deposit. The property was returned to the original concession holders in the early 2000s. Vista Gold Corp. ("Vista Gold") reassembled the land package and drilled 48 core holes in several of the deposits. Vista Gold also completed metallurgical test work and had a resource estimate calculated and a preliminary economic assessment made. Great Panther Silver Ltd optioned the property in 2014, through the acquisition of CanGold Ltd., and drilled 41 core holes in 2015. Minera Alamos Inc. ("MAI") optioned the property from Vista Gold in 2017. Prime acquired the option from MAI in 2019 and began a surface exploration program of trenching and roadcut channel sampling.

The Company believes that the Los Reyes Project is an overlooked, underexplored epithermal gold-silver project located in a prolific mining region of Mexico. Previous operators completed various prefeasibility studies yet held back from development due to then-prevailing declining gold prices. The Company further believes that work that has been completed has provided sufficient understanding of existing resources to allow Los Reyes to be fast-tracked to production. However, Los Reyes holds gold and silver exploration optionality. It is a large epithermal system with the bulk of historic exploration conducted over less than 40% of the known structures leaving significant opportunity to expand known resources.

COVID-19

The Company is at the exploration stage and while individuals working for the Company may contract covid-19, the business operation is unlikely to be materially affected in the short term. The Company does not rely on specific materials, laboratories or suppliers. It is quite possible however, that exploration activities could be delayed by covid-19 and travel restrictions could limit the ability of non-Mexico-based managers to be on-site in Mexico. However, management does not believe that such delays will have a material bearing on progress on the Company's exploration program.

The Company will need to raise funds to continue exploration and, if warranted, development of its properties. As a result of covid-19's adverse effect on financial markets, this could manifest itself in the Company having difficulty in financing longer-term activities. At this date, it is not possible to determine what affect, if any, covid-19 will have on the ability of the Company to finance its development.

HIGHLIGHTS AND KEY DEVELOPMENTS

Los Reyes Project

Acquisition

On July 20, 2020, the Company announced the completion of the acquisition of the Los Reyes Project with a payment of US\$1,500,000 to Vista Gold, which was made on July 17, 2020 (the "Acquisition Date"). With this payment, Vista Gold no longer retains two separate 2% net smelter royalties on production from open-pit or underground mining, or a back-in right to assume a 49% non-carried interest in any underground mining at Los Reyes.

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Prime is required to pay Vista an additional US\$2,100,000 through two payments of:

- (i) US\$1,100,000 no later than six months from the Acquisition Date; and
- (ii) US\$1,000,000 no later than twelve months from the Acquisition Date.

If the Company fails to make the two payments, Vista Gold's net smelter royalties and back-in right will be reinstated. On January 8, 2021, the Company made the first payment of US\$1,100,000.

Fall Surface Exploration Program

During September 2020, the Company continued the surface exploration program, focusing on the Guadalupe East, Noche Buena and San Miguel East deposits as well as conducting prospecting and mapping. Infill trenching was completed at Zapote North and South.

Heavy rains in August and September curtailed productivity due to flash flooding and high water at river crossings. The Noche Buena sampling was largely completed although some infill and extensions are required. Trench and roadcut channel sampling at San Miguel East commenced beginning in the more easily accessible areas. The San Miguel East sampling was completed.

Guadalupe East is one of eight deposits that make up the Los Reyes Project resource. Rock chip sampling inside the old, existing mine adit GE-Adit 17 returned 2.21 gpt Au and 95 gpt Ag over 46.0 metre ("m"), including 29.0 gpt Au and 226 gpt Ag over 2.0 m. Sampling in the adit, which lies outside of the current Guadalupe East resource boundary, was on 2.0 metre intervals across the adit roof. The true vein width is not known at this time but is estimated at ~15 m.

Two other veins in GE-Adit 17 were also sampled, returning 0.84 gpt Au and 37.7 gpt Ag over 4.5 m and 0.76 gpt Au and 23.6 gpt Ag over 6.0 m, respectively. These veins may be a continuation of the San Manuel vein system and the results suggest that the Guadalupe system remains open to the east where historic drilling has not occurred.

Sampling results from existing mine adit GL-Adit 20 returned 1.69 gpt Au and 62.3 gpt Ag over 19.5 m, including 4.55 gpt Au and 121.4 gpt Ag over 3.0 m. Results from existing adit GE-Adit 25, further to the north, returned gold and silver mineralization that demonstrates this part of the San Manuel vein system within Guadalupe is also underexplored and merits additional exploration work.

Chip sampling from roadcut GL-RS5A returned 0.48 gpt Au and 43.5 gpt Ag over 21.0 m. These surface sampling results and limited historic drilling in and around the current Guadalupe East pit resource boundary indicate an opportunity to expand the resource to the west.

Roadcut channel and trench sampling was initiated along selected locations within the Guadalupe East deposit to delineate the surface expression of the multiple veins within this part of the Los Reyes system. Infill trench sampling at Zapote North targeted areas with insufficient surface data. This data has been incorporated into the drill hole planning to maximize the expansion of the mineral resource estimate.

In late November 2020, a drill rig was mobilized and was on-site.

Refer to the following news releases, published on SEDAR, for results data tables:

- *"Prime Mining Reports Results of Guadalupe East Sampling at Los Reyes Continue to Demonstrate Resource Expansion Potential"* dated October 26, 2020.
- *"Prime Mining Begins Drilling Los Reyes As New Trench Results Show More High-Grade at Surface"* dated November 24, 2020.

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Winter Surface Exploration Program

Significant exploration progress continues to be made at Los Reyes. Ongoing work includes diamond drilling, regional and detailed geological mapping, trench sampling, and re-logging of historic diamond drill core. This work led to a structural and rock alteration interpretation that is being used to guide the Company's first diamond drill exploration program. Re-logging of several existing diamond drill core holes also identified that adularia, a crystalline mineral, containing high-grade gold and silver locally with visible gold, is associated with nearby altered rock types. The adularia appears to be vertically zoned and zoning may provide a guide to effectively target areas of higher-grade gold and silver at depth below currently known mineralization. A clay alteration study, which may be used to target higher-grade mineralization is also underway.

The Company's 15,000 metre Phase 1 diamond drill program began in December with the first of five drill rigs arriving at Los Reyes. Objectives from the drill program include expanding the in-pit resources along strike and down dip, and upgrading inferred resources to measured and indicated, along with adding silver assay data where absent. The Phase 1 program will allow for the first wireframed and integrated geological, structural and alteration model to be developed for Los Reyes and will serve as the framework for the exploration and expansion of the known deposits and the discovery of new deposits at Los Reyes.

Initial drilling at the Guadalupe East deposit (21GE-01) intersected 3.25 gpt Au and 380.0 gpt Ag over 20.1 m, including 6.5 m at 6.51gpt Au and 587.5 gpt Ag from the Estaca vein. At 320 m below surface (540 m above sea level, "asl"), this vein intersection is the deepest exploration drilling ever on the property and the intersection is 150 m below the nearest drill hole in this deposit. The San Nicolas vein was intersected higher up in hole 21GE-01, 80 m from the closest drilling. The hole intersected 3.8 m at 3.69 gpt Au and 305.1 gpt Ag including 2.1 m at 6.18 gpt Au and 507.1 gpt Ag. This vein is just below the eastern limit of the pit-constrained Guadalupe East deposit resource.

Regional mapping in the area northeast of the Guadalupe East deposit revealed several historic adits that were not previously documented in reports. One area, referred to as Mina 20 and 21, has evidence of historic small-scale mining and gold-silver extraction. Surface and underground sampling in this area returned 42 chip sample assay results ranging 0.015gpt to 29.8gpt Au and 0.5gpt to 1,132gpt Ag with the best chip assay returning 29.8 gpt Au and 1,132 gpt Ag over 2.3 m. The Mina 20 and 21 showing is 1300 m northeast of the Guadalupe East deposit and is at 1080 m asl. The elevation difference between the deepest high-grade intersection at Guadalupe East and the sampling at Mina 20 and 21 may indicate that the epithermal system has over 540 m of vertical height, which exceeds the average height for low sulphidation epithermal deposits. The relationship between the mineralized zone at Mina 20 and 21 and the Guadalupe East deposit is not yet well known but offers a new bonanza style structure that has not been drill tested.

The Company completed a property-wide 1,000 line-kilometre helicopter-borne high resolution aeromagnetic survey as well as a Light Detection and Ranging ("Lidar") and orthophoto survey. These surveys will aid in the ongoing geological mapping of Los Reyes and provide critical information on the numerous partially tested and untested structures that host Au-Ag epithermal veins.

The Company filed an application for mineral rights to a 7,500-hectare claim block, named El Rey, adjacent to the eastern and northeastern Los Reyes boundary. El Rey had its concession application filed and receipted on March 9, 2021.

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

- *"Prime Mining Adds 5th Core Drill at Los Reyes"* dated February 25, 2021.
- *"Prime Mining Doubles Los Reyes Land Position to 13,800 Hectares"* dated March 3, 2021.
- *"Prime Mining Extends Bonanza Grade Gold-Silver Mineralization 150 Meters Below Previous Drilling in Estaca Vein"* dated March 18, 2021.

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Expenditures

During YTD 2021, expenditures of \$2,326,790 have been incurred on project advancement. Most significant expenditures of \$846,226, \$566,763 and \$181,477, have been incurred on salaries and personnel, resource estimation and drilling, respectively.

Resource update

On April 2, 2020, Prime announced an updated 43-101 compliant pit constrained mineral resource estimate ("Updated Resource"), prepared by Stantec Consulting Ltd. ("Stantec") for the Los Reyes Project. The new pit constrained resource (at 0.22 g/t Au cut-off) comprised 19.8 million tonnes measured and indicated resources (633,000 ounces contained gold and 16.6 million ounces contained silver) and an additional 7.1 million tonnes (179,000 ounces contained gold and 7.8 million ounces contained silver) of inferred material. The updated resource estimate increased the total oxide material and upgraded the material to higher estimation categories.

Additionally, Stantec provided sensitivities to cut-off grade within the pit allowing for a comparison to the historic global resource estimate by Vista in 2012, which was calculated at a 0.5 g/t Au cut-off. Comparing estimates at the same cut-off, measured and indicated resources increased by 74% from 6.8 mt to 11.8 mt and inferred material increased 25% from 3.2 mt to 4.0 mt. Measured and indicated contained gold increased by 44% from 380,655 ounces to 546,000 ounces, while inferred gold decreased by 8%, from 156,000 ounces to 144,000 ounces. Measured and indicated silver increased by 100% from 6,315,000 ounces to 12,912,000 ounces and inferred silver increased by 50% from 3,640,000 to 5,456,000 ounces.

Refer to "*Stantec, Technical Report, Los Reyes Property, Sinaloa, Mexico, report date April 2, 2020*" published on SEDAR.

Corporate

TSX Venture 50

During February 2021, the Company announced that it had been named to the 2021 TSX Venture 50, an annual ranking of top performing listed companies from five industry sectors including, mining, oil and gas, clean technology and life sciences, diversified industries and technology.

Stock Option Grants

During December 2020, stock options were granted to purchase up to 125,000 common shares at a price of \$1.75 per share. The stock options granted have a 5-year life and vest one-third at date of grant, one-third six months from the grant date and one-third twelve months from the grant date.

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OUTLOOK

Los Reyes Project - Exploration program

Prime is executing a planned 15,000-metre drilling and 7,000-metre surface trench sampling exploration program employing a three-pronged approach:

- 1) Increase current mineral resource confidence: Upgrade 7.1 million tonnes of Inferred mineral resources to the Measured and Indicated category, which currently contains 19.8 million tonnes at 1.0 gpt gold and 26.2 gpt silver:
 - 2,000 metres of surface rock chip sampling in trenches
 - 3,000 metres of drilling in 15 to 20 shallow drill holes
 - Focus areas include Noche Buena, Tahonitas, and Zapote including surface rock chip sampling in trenches at San Miguel East and San Miguel West.

- 2) Expand resource near-term: Add gold and silver ounces by trenching and drilling along strike and down dip in areas adjacent to the existing eight open pit-constrained mineral resource areas:
 - 1,500 metres of surface rock chip sampling in trenches
 - 5,000 metres of drilling with some holes reaching a depth of 250 metres
 - Focus areas include the mineralized structures at Zapote, San Miguel East, and south-east extensions to Noche Buena and Tahonitas.

- 3) Add future targets: Define the potential to add new gold and silver ounces at depth and in unexplored areas where existing data and new mapping information confirm mineral potential:
 - 3,500 metres of surface rock chip sampling in trenches
 - 7,000 metres of drilling with some holes reaching a depth of 400 - 500 metres
 - Focus areas include potential mineralized structures extending between San Miguel East, Guadalupe East (deep extensions of the Estaca Vein), and Las Primas, and between Guadalupe West and the Zapote/Mariposa trend. A structural re-interpretation indicates new northwest trending structures parallel to the Zapote trend may exist.

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MINERAL PROPERTIES – OTHER

During fiscal 2020, the Magenta Gold and Cobalt Project located in Sinaloa, Mexico and the Panther Creek Cobalt Project located in Idaho, United States were evaluated by the Company for future potential development. The Company concluded that no additional resources would be allocated to these projects and the rights would be forgone. The Company has fully impaired these assets.

QUARTERLY RESULTS

	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Loss for the period	\$ (1,053,542)	\$ (1,656,466)	\$ (2,338,461)	\$ (6,656,665)
Loss per share – basic and diluted	(0.01)	(0.02)	(0.03)	(0.11)
Total assets	22,318,122	21,590,035	21,271,577	10,360,210
Total non-current liabilities	956,522	1,012,702	1,049,880	64,304
Cash balance	5,840,853	7,678,959	8,032,658	1,020,820
Working capital	\$ 5,598,102	\$ 7,368,744	\$ 7,891,266	\$ (426,873)

	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Loss for the period	\$ (851,653)	\$ (3,007,064)	\$ (362,424)	\$ (176,437)
Loss per share – basic and diluted	(0.01)	(0.06)	(0.02)	(0.01)
Total assets	16,370,577	17,187,209	6,109,289	5,836,175
Total non-current liabilities	87,067	102,150	120,515	10,346
Cash balance	1,518,003	2,850,893	32,788	6,244
Working capital	\$ 444,950	\$ 1,570,032	\$ (1,126,431)	\$ (692,174)

Review of Consolidated Financial Information for Q3 2021 compared to Q3 2020

Loss for the Company was \$1,053,542 (\$0.01 per share) compared to \$851,653 (\$0.01 per share) during Q3 2020, as a result of the following factors:

Corporate and administrative expense

Corporate and administrative expenses increased to \$1,116,090 compared to \$773,924 during Q3 2020. The significant cash components of these expenses include salaries and personnel, consulting and professional fees and investor relations.

Salaries and personnel increased to \$274,605 compared to \$105,370 during Q3 2020. The increase is a result of additional team members, including a new CFO and VP of Investor Relations, being added to the management team. Additionally, director fees were paid during Q3 2021 which were not incurred during Q3 2020.

Consulting and professional fees include legal, accounting, capital and strategic advisors. The Q3 2021 and Q3 2020 expenses are consistent, with an increase of \$8,155, as there has not been any substantial change in the services provided to the Company.

Investor relations expenses includes news releases, communications programs, and participation at conferences. The expense decreased to \$33,444 compared to \$442,220 during Q3 2020. During Q3 2020, activities increased significantly following the rebranding of the Company and the acquisition of an option to acquire the Los Reyes Project.

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The significant non-cash component of these expenses includes share-based compensation, which was \$737,900 compared to \$85,000 during Q3 2020. The increase is a result of the granting and vesting of options and share price movement. During YTD 2021, 4,700,000 options were granted which vest over 12 months. The increased share price in the interim increased the value of each option granted. During Q3 2020, there were no options granted.

Depreciation

Depreciation expense represents depreciation of equipment and the right-of-use asset associated with the Company's office lease. The Q3 2021 and Q3 2020 expenses are consistent, with an increase of \$1,430, as there has not been any substantial change in the equipment owned by the Company.

Financing

Financing expense was \$1,735 compared to \$75,851 during Q3 2020. During Q3 2020, the Company incurred expenses related to interest on a bridge loan that formed part of the Los Reyes transaction.

Foreign exchange

Foreign exchange represents changes in the value of monetary assets and liabilities denominated in foreign currencies. Most of this expense relates to VAT receivable in the Company's Mexican subsidiaries that is denominated in Mexican pesos and the US dollar long-term payable.

Review of Consolidated Financial Information for YTD 2021 compared to YTD 2020

Loss for the Company was \$5,048,469 (\$0.06 per share) compared to \$4,221,141 (\$0.10 per share) during YTD 2020 as a result of the following factors:

Corporate and administrative expense

Corporate and administrative expenses increased to \$5,102,878 compared to \$3,561,545 during YTD 2020. The significant cash components of these expenses include salaries and personnel, consulting and professional fees and investor relations.

Salaries and personnel increased to \$1,086,788 compared to \$677,652 during YTD 2020 due to increased senior management team members. As the Company has sought to develop the Los Reyes Project additional team members, including a new CFO and VP of Investor Relations, have been added to the management team. Additionally, director fees were paid during YTD 2021 which were not incurred during YTD 2020.

Consulting and professional fees decreased to \$274,560 compared to \$396,681 during YTD 2020 due to reduced capital advisor and strategic advisor fees. During YTD 2020, the Company was under development and thus additional expenditures were incurred.

Investor relations decreased to \$283,035 compared to \$738,259 during YTD 2020 due to reduced activities. The Company focused on rebranding and communications regarding the acquisition of Los Reyes during YTD 2020 resulting in increased expenditures.

Office and other expenses increased to \$276,095 compared to \$255,353 during YTD 2020. The additional management team members resulted in additional office expenditures.

The significant non-cash component of these expenses includes share-based compensation, which was \$3,182,400 compared to \$1,493,600 during YTD 2020. The increase is a result of additional options being granted to directors and management during YTD 2021. The increased share price in the interim increased the value of each option granted.

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Financing

Financing expense was \$21,909 compared to \$593,280 during YTD 2020. During YTD 2020, the Company incurred expenses related to interest, commitment fees and a share bonus on a bridge loan that formed part of the Los Reyes transaction. The loan was fully paid in June 2020 reducing the financing expense.

Significant Quarterly Variations

- Q4 2019 - The Company increased spending on management and communications in advance of closing the Los Reyes transaction.
- Q2 2020 - The Company incurred several significant expenditures associated with the transformation of its business when it acquired an interest in the Los Reyes Project that was reflected in increased investor relations, financing, personnel and share-based compensation expenses.
- Q3 2020 - The Company undertook an additional investor communication program that resulted in a more significant loss.
- Q4 2020 - The Company recognized an impairment provision of \$5,844,000 and share-based compensation of \$285,000.
- Q1 2021 - The Company awarded stock options and recognized share-based compensation of \$1,359,000.
- Q2 2021 - The Company increased the senior management team and awarded stock options recognizing share-based compensation of \$1,085,539.
- Q3 2021 - The Company incurred additional share-based compensation expense of \$737,900 related to the vesting of options.

Cash flows

	For the nine months ended January 31,	
	2021	2020
Cash used in operating activities	\$ (1,539,151)	\$ (2,616,636)
Cash provided by financing activities	11,960,806	8,902,198
Cash used in investing activities	(5,601,622)	(4,773,803)
Increase in cash	4,820,033	1,511,759
Cash, beginning of period	1,020,820	6,244
Cash, end of period	\$ 5,840,853	\$ 1,518,003

Operating activities

During YTD 2021, salaries and personnel expenditures of \$1,086,788 were incurred by the Company which is a significant portion of the operating expenditures. Additionally, there was office rent and administrative expenditures of \$276,095. Legal and accounting expenditures of \$274,560 were also incurred.

Financing activities

During YTD 2021, the Company completed a private placement resulting in net proceeds of \$9,431,470. The Company issued 5,969,868 common shares for gross proceeds of \$3,074,934 upon exercise of warrants. The Company issued 2,090,000 common shares for gross proceeds of \$846,000 upon exercise of options. The Company repaid the long-term loan of \$1,000,000 and interest and fees of \$164,678.

During YTD 2020, the Company completed a private placement resulting in net proceeds of \$8,297,315. Additionally, the Company received cash of \$2,000,000 from a loan payable. Loan repayments were \$1,201,345 during YTD 2020.

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Investing activities

During YTD 2021, the Company completed the acquisition of the Los Reyes Project. As part of this transaction, the Company set up a long-term receivable for value added sales taxes that are recoverable from the Mexican government and a corresponding liability to refund part of those taxes to the vendor of the Los Reyes property. Additionally, as part of the Los Reyes Project transaction, the Company issued 330,000 common shares valued at \$465,000 which is recorded as a component of shareholders' equity. The first payment to Vista of US\$1,100,000 was completed during January 2021. Additional expenditures of \$2,326,790 were incurred relating to Los Reyes Project. Expenditures were not incurred on other properties.

During YTD 2020, primarily acquisition expenditures were incurred for the Los Reyes Project.

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 related to the covid-19, 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 January 31, 2021, the Company had working capital of \$5,598,102 including cash of \$5,840,853, compared to a working capital deficiency of \$426,873 at April 30, 2020. Accounts payable and accruals have remained consistent, with an increase of \$19,378. The loan payable of \$1,149,416, at April 30, 2020, was fully repaid during YTD 2021. The long-term payable of \$951,890 requires payment when the value added tax receivable of \$1,048,944 is refunded.

At January 31, 2021, the Company has the following capital resource commitments:

- The Company must undertake exploration and make cash progress payments to maintain its exploration property rights.
- To prevent net smelter royalties and back-in rights from being reinstated on the Los Reyes Project, the Company must pay US\$1,000,000, no later than July 2021.
- The Company is committed to make payments under property and equipment leases totalling \$87,376 through 2023.
- The Company signed a drilling contract committing US\$609,000 to the contractor and drill program.
- The Company signed a second drilling contract committing US\$560,000 to the contractor and drill program.

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RELATED PARTY TRANSACTIONS

Agreements**Management**

In addition to Daniel Kunz's service as an officer of the Company, effective May 1, 2019, the Company entered into an agreement with Daniel Kunz & Associates LLC. ("DKA") such that DKA will provide engineering and management services as needed up to 75 hours per month. DKA is a company beneficially owned by the Company's executive director. Services under the agreement are primarily provided by Daniel Kunz, Alexander Kunz and several associates retained by Daniel Kunz & Associates, LLC. As payment for these services, the Company paid a cash fee of US\$42,000 upon completion of the Los Reyes transaction; a 12-month retainer of \$150,000 provided that DKA subscribed to 500,000 units of the August 2019 financing which it did; and, beginning on completion of the Los Reyes transaction, a monthly fee of US\$10,500. Beginning in September 2020, the Company is to accrue a fee of US\$9,500 to be paid quarterly in cash or shares at the option of the Company.

In addition to the above payments, the Company granted an option to DKA to acquire up to 1,000,000 common shares at \$0.40 per share for a period of five years. In August 2020, the Company agreed to grant DKA an option to acquire up to a further 1,000,000 common shares at the prevailing share price.

On the appointment of Daniel Kunz as chief executive officer of the Company in June 2020, the Company entered into a new agreement with DKA that replaced the existing agreement. The new agreement is for a term of 24 months but renews annually. The contract provides for an annual base fee of US\$200,000, options to purchase up to 1,000,000 common shares and a signing bonus of US\$200,000 subject to DKA subscribing for at least 800,000 units in the June financing, which it did.

The Company has an agreement to pay its COO a monthly fee of \$15,000 and the COO is entitled to receive a further bonus payment of US\$4,000 during the term of the contract. The agreement may be cancelled on 30 days' notice, but the Company has prepaid the first 12 months of the contract with a non-refundable payment of \$180,000. At July 31, 2020, the COO had earned the full amount.

In June 2020, the Company entered into a new agreement with its former COO, now technical advisor, which provided for monthly fees of US\$10,000 per month and a one-time payment of US\$60,000 on acceptance of the contract subject to the COO arranging to subscribe for at least 120,000 units of the private placement that closed in June 2020, which he did. The contract may be terminated by either party on 30 days' notice.

The Company has an agreement to pay the former VP of Exploration, Senior Geologist, a monthly fee of \$15,000 and a one-time fee of \$60,000 applied against his monthly base fee at a rate of \$5,000 per month. The contract provides for a one-month notice period.

The Company has an agreement to pay the CFO, a monthly fee of \$15,000. The contract provides for a one-month notice period.

The Company has an agreement to pay the VP of Investor Relations, a monthly fee of \$16,500. The contract provides for a one-month notice period.

The Company has an agreement to pay the EVP of Exploration, a monthly fee of \$15,000. The contract provides for a one-month notice period.

PRIME MINING CORP.

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(In Canadian dollars, except where noted)

Directors

The Company pays:

- the Chairperson an annual retainer fee of \$65,000;
- independent board members an annual retainer fee of \$40,000; and
- the Audit Committee Chairperson an additional annual retainer fee of \$10,000.

Transaction and balances**Management**

During YTD 2021, Prime recorded fees of:

- \$489,804 to a company controlled by Daniel Kunz, a director and officer of the Company;
- \$106,628 to the Company's former COO and current technical advisor;
- \$105,000 to the Company's Executive VP;
- \$104,000 to the Company's VP of Investor Relations;
- \$82,500 to the Company's CFO;
- \$77,000 to the Company's former VP Exploration and current Senior Geologist;
- \$60,000 to the Company's EVP of Exploration; and,
- \$9,750 to a company controlled by the Company's former CFO for his and related secretarial services.

Directors

During YTD 2021, director fees were paid of \$110,401.

At January 31, 2021, the Company owed \$16,250 to related parties for fees.

As part of the Los Reyes transaction in fiscal 2020, the Company borrowed \$1,000,000 from Mr. Bowering subject to a 2% commitment fee (\$20,000), interest at 12% and issuance of 666,667 common shares as a bonus with an issue-date value of \$200,000. Interest on the loan in the period ended July 31, 2020 was \$15,262. The loan was repaid in June 2020.

All related party transactions have been recorded at the exchange amount, which is the amount of consideration agreed to between the parties.

OUTSTANDING SHARE DATA

At March 25, 2021, the Company had the following equity securities outstanding:

	Authorized	Outstanding
Equity securities – voting ⁽¹⁾	Unlimited common shares	88,948,583 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 7,865,000 common shares
Warrants convertible to voting common shares		Warrants to acquire 32,817,574 common shares

PRIME MINING CORP.

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SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"), effective as of January 31, 2021. The Company's significant accounting policies are described in note 3 of the Company's consolidated financial statements for the years ended April 30, 2020 and 2019.

CHANGES IN ACCOUNTING STANDARDS

The accounting policies applied in the preparation of the Company's condensed interim consolidated financial statements for the three and nine months ended January 31, 2021 and 2020, 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, receivables, and accounts payable and accrued liabilities 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 13 of the interim financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

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

PROPOSED TRANSACTIONS

As at January 31, 2021, 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 MD&A and Annual Information Form for the year ended April 30, 2020.

PRIME MINING CORP.

Management's Discussion and Analysis

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

(In Canadian dollars, except where noted)

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.

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, Kerry Sparkes, P. Geo, a "qualified person" as defined by National Instrument 43-101 - Standards of Disclosure for Mineral Projects.