

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

For the three and six months ended
October 31, 2021 and 2020
(Unaudited)

PRIME MINING CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

At October 31, 2021 and April 30, 2021

(In Canadian dollars) - Unaudited

	Note	October 31, 2021	April 30, 2021
ASSETS			
Current			
Cash		\$ 29,848,024	\$ 32,026,806
Receivables		40,008	63,295
Prepaid expenses		166,505	173,537
Total current assets		30,054,537	32,263,638
Value added tax receivable	4	1,024,883	1,016,690
Deposits		21,695	21,695
Property and equipment	5	345,736	204,349
Exploration and evaluation assets	2, 6	12,514,568	11,285,168
Total assets		\$ 43,961,419	\$ 44,791,540
LIABILITIES			
Current			
Trade payables and accruals	9	\$ 449,449	\$ 833,744
Current portion of lease liability		23,454	60,384
Total current liabilities		472,903	894,128
Long-term payable	7	922,394	915,021
Lease liability		1,467	3,597
Total liabilities		1,396,764	1,812,746
SHAREHOLDERS' EQUITY			
Share capital	8	100,003,471	93,072,150
Obligation to issue shares		-	220,000
Reserves		12,176,319	9,654,732
Deficit		(69,615,135)	(59,968,088)
Total shareholders' equity		42,564,655	42,978,794
Total liabilities and shareholders' equity		\$ 43,961,419	\$ 44,791,540

Nature and continuance of operations (note 1)

Subsequent events (note 13)

Approved by the Board of Directors on December 9, 2021:

"Daniel Kunz"

Director

"Paul Sweeney"

Director

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

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

For the three and six months ended October 31, 2021 and 2020

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

	Note	Three months ended October 31,		Six months ended October 31,	
		2021	2020	2021	2020
Operating expenses					
General and administrative	3	\$ 2,983,951	\$ 1,741,286	\$ 4,001,762	\$ 3,986,788
Exploration and evaluation	6	2,546,452	892,290	5,763,598	1,222,467
Depreciation	5	44,809	29,992	120,945	56,457
Financing		753	2,275	2,222	20,174
Foreign exchange loss (gain)		74,771	(86,114)	(141,059)	(2,972)
Loss from operations		(5,650,736)	(2,579,729)	(9,747,468)	(5,282,914)
Interest income		17,313	538	31,564	1,528
Rent recovery		33,000	30,435	68,857	63,992
Loss and comprehensive loss for the period		\$ (5,600,423)	\$ (2,548,756)	\$ (9,647,047)	\$ (5,217,394)
Weighted average shares outstanding - basic and diluted		111,356,357	84,821,720	107,060,068	78,600,156
Loss per share - basic and diluted		\$ (0.05)	\$ (0.03)	\$ (0.09)	\$ (0.07)

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 six months ended October 31, 2021 and 2020

(In Canadian dollars) - Unaudited

For the six months ended October 31,	2021	2020
OPERATING ACTIVITIES		
Loss for the period	\$ (9,647,047)	\$ (5,217,394)
Items not affecting cash:		
Depreciation	120,945	56,457
Interest income	(31,564)	(990)
Share-based compensation	3,091,279	2,444,500
Financing expense	2,222	20,174
Foreign exchange	(819)	42,133
Change in non-cash working capital items:		
Receivables	34,287	118,845
Prepaid expense	7,032	127,810
Payables and accruals	(240,594)	49,435
Cash used in operating activities	(6,664,259)	(2,359,030)
FINANCING ACTIVITIES		
Shares issued for cash	6,143,311	12,837,767
Share issuance costs	(156,383)	(568,530)
Share subscriptions received	-	1,750
Lease liability	(41,283)	(41,280)
Repayment of loans	-	(1,000,000)
Finance expense	-	(164,678)
Cash provided by financing activities	5,945,645	11,065,029
INVESTING ACTIVITIES		
Value added tax receivable	-	(1,123,365)
Exploration and evaluation assets	(1,229,400)	(912,735)
Purchase of equipment	(262,332)	(12,750)
Interest received	31,564	990
Cash used in investing activities	(1,460,168)	(2,047,860)
(Decrease) increase in cash	(2,178,782)	6,658,139
Cash, beginning of period	32,026,806	1,020,820
Cash, end of period	\$ 29,848,024	\$ 7,678,959

Supplemental disclosure with respect to cash flows (note 11)

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

PRIME MINING CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended October 31, 2021 and 2020

(In Canadian dollars, except share numbers) - Unaudited

	Note	Common shares	Share capital	Share subscription received	Obligation to issue shares	Reserves	Deficit	Shareholders' Equity
At April 30, 2021		100,841,583	\$ 93,072,150	\$ -	\$ 220,000	\$ 9,654,732	\$ (59,968,088)	\$ 42,978,794
Share issuance costs		-	(12,682)	-	-	-	-	(12,682)
Stock options exercised	8b)	265,000	259,669	-	-	(108,669)	-	151,000
Warrants exercised	8b)	11,166,622	6,464,334	-	-	(461,023)	-	6,003,311
Warrants exercise proceeds received	8b)	200,000	220,000	-	(220,000)	-	-	-
Stock-based compensation	8d)	-	-	-	-	3,091,279	-	3,091,279
Loss for the period		-	-	-	-	-	(9,647,047)	(9,647,047)
At October 31, 2021		112,473,205	\$ 100,003,471	\$ -	\$ -	\$ 12,176,319	\$ (69,615,135)	\$ 42,564,655

	Note	Common shares	Share capital	Share subscription received	Obligation to issue shares	Reserves	Deficit	Shareholders' Equity
At April 30, 2020		59,599,382	\$ 49,827,410	\$ -	\$ -	\$ 6,768,644	\$ (49,268,090)	\$ 7,327,964
Private placement, net of share issuance costs	8b)	20,000,000	9,431,470	-	-	-	-	9,431,470
Stock options exercised	8b)	1,555,000	1,100,882	-	-	(470,882)	-	630,000
Warrants exercised		4,415,535	2,270,039	-	-	(62,272)	-	2,207,767
Warrant exercise proceeds received		-	-	1,750	-	-	-	1,750
Warrants issued to financial advisory firm		-	-	-	-	240,000	-	240,000
Obligation to issue shares		-	-	-	465,000	-	-	465,000
Stock-based compensation	8d)	-	-	-	-	2,444,500	-	2,444,500
Loss for the period		-	-	-	-	-	(5,217,394)	(5,217,394)
At October 31, 2020		85,569,917	\$ 62,629,801	\$ 1,750	\$ 465,000	\$ 8,919,990	\$ (54,485,484)	\$ 17,531,057

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 six months ended October 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.

The Company’s subsidiaries are as follows:

Subsidiary	Jurisdiction	Operating status
Minera Amari SA de CV (“Minera Amari”)	Mexico	Los Reyes project
ePower Metals SA de CV	Mexico	Holding mineral claims
Argus Metals (BGI) Inc.	Barbados	Inactive
ePower Metalen	Suriname	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 710, 1030 West Georgia Street, Vancouver, BC, V6E 2Y3. The Company’s registered and records office is located at Suite 2200, 885 West Georgia Street, Vancouver, BC, V6C 3E8.

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

The Company has not generated revenue from operations. The Company recorded a loss of \$9,647,047 during the six months ended October 31, 2021 and, as of that date, the Company’s deficit was \$69,615,135. 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 \$29,848,024 at October 31, 2021 that the Company estimates 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 six months ended October 31, 2021 and 2020

(In Canadian dollars, except share numbers) - Unaudited

2. Basis of preparation

a) Statement of Compliance

These condensed interim consolidated financial statements (“interim financial statements”) were approved by the Board of Directors and authorized for issue on December 9, 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 (“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 annual consolidated financial statements for the years ended April 30, 2021 and 2020 (“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, Argus Metals (BGI) Inc., ePower Metalen, and ePower Metals SA de CV. All significant intercompany transactions and balances have been eliminated upon consolidation.

Foreign currency transactions

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

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

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

The functional currency of the Company and its subsidiaries is the Canadian dollar and these financial statements are presented in Canadian dollars.

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

For the three and six months ended October 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) Change in accounting policies - Exploration and evaluation expenditures

During the year ended April 30, 2021, the Company adopted a new accounting policy for exploration and evaluation expenditures and disclosed in note 5 to the annual consolidated financial statements. In prior years, the Company capitalized exploration and evaluation expenditures when the Company had the legal right to explore a property. The Company has changed this accounting policy to expense exploration and evaluation expenditure until such time that an appropriate economic assessment has been completed and there is confidence that permits can be obtained to develop the project. The Company will continue to capitalize all acquisition costs and related costs when incurred. The accounting policy change has been applied on a retrospective basis to the interim financial statements.

e) Comparatives

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

f) 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, 2021. None of these impacted or are expected to be relevant to the Company's financial statements.

3. Corporate and administration expense

		Three months ended		Six months ended	
	Note	2021	October 31, 2020	2021	October 31, 2020
Salaries, directors fees and personnel	9	\$ 252,533	\$ 349,953	\$ 531,574	\$ 812,183
Consulting and professional fees		95,219	126,299	149,598	198,293
Investor relations		29,041	34,758	52,214	249,591
Office and other		107,928	144,737	177,097	282,221
Share-based compensation	8d)	2,499,230	1,085,539	3,091,279	2,444,500
		\$ 2,983,951	\$ 1,741,286	\$ 4,001,762	\$ 3,986,788

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

For the three and six months ended October 31, 2021 and 2020

(In Canadian dollars, except share numbers) - Unaudited

4. Value added tax receivable

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

The Company recorded the VAT paid on the purchase of Los Reyes Project resulting in a VAT receivable of \$1,024,883 (April 30, 2021 - \$1,016,690). Upon receipt of the VAT receivable the Company is required to settle the long-term payable (note 7). During the six months ended October 31, 2021, the Company recorded VAT of \$664,555 paid on additional Los Reyes Project expenditures to exploration and evaluation expense (note 6b).

5. Property and equipment

	Office equipment	Right of use assets	Project equipment	Total
Cost				
At May 1, 2021	\$ 66,905	\$ 192,268	\$ 163,311	\$ 422,484
Additions	-	71,587	190,745	262,332
At October 31, 2021	66,905	263,855	354,056	684,816
Accumulated depreciation				
At May 1, 2021	40,417	139,824	37,894	218,135
Depreciation	6,535	34,956	79,454	120,945
At October 31, 2021	46,952	174,780	117,348	339,080
Carrying amount October 31, 2021	\$ 19,953	\$ 89,075	\$ 236,708	\$ 345,736
	Office equipment	Right of use assets	Project equipment	Total
Cost				
At May 1, 2020	\$ 62,965	\$ 192,268	\$ 120,114	\$ 375,347
Additions	3,940	-	43,197	47,137
At April 30, 2021	66,905	192,268	163,311	422,484
Accumulated depreciation				
At May 1, 2020	26,888	69,912	14,569	111,369
Depreciation	13,529	69,912	23,325	106,766
At April 30, 2021	40,417	139,824	37,894	218,135
Carrying amount April 30, 2021	\$ 26,488	\$ 52,444	\$ 125,417	\$ 204,349

6. Exploration and evaluation assets and expenditures**a) Acquisition**

Acquisition costs capitalized as exploration assets are as follows:

	Los Reyes Project
At May 1, 2020	\$ 7,531,775
Additions ⁽¹⁾	3,753,393
At April 30, 2021	11,285,168
Additions ⁽²⁾	1,229,400
At October 31, 2021	\$ 12,514,568

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

For the three and six months ended October 31, 2021 and 2020

(In Canadian dollars, except share numbers) - Unaudited

- (1) During the year ended April 30, 2021, the Company paid US\$2,600,000 to Vista Gold Corp. towards the acquisition of the Los Reyes Project. Additionally, the Company issued 330,000 common shares valued at \$465,000 related to finders' fees.
- (2) During the six months ended October 31, 2021, the Company paid the final option payment of US\$1,000,000 to Vista Gold Corp completing the acquisition of the Los Reyes Project.

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

Project expenditures during the three and six months ended October 31, 2021, and 2020, are summarized as follows:

	Note	Three months ended		Six months ended	
		2021	October 31, 2020	2021	October 31, 2020
Salaries and personnel	9	\$ 821,340	\$ 254,205	\$ 1,180,047	\$ 411,181
Drilling		1,070,212	-	2,590,319	-
Resource estimation and technical services		247,740	260,581	650,341	374,745
Equipment and field supplies		130,792	78,946	337,966	120,391
Land payments and maintenance		-	33,631	69,862	17,378
General and administrative		84,919	44,347	270,508	78,192
Value added tax		191,449	220,580	664,555	220,580
		\$ 2,546,452	\$ 892,290	\$ 5,763,598	\$ 1,222,467

ii. Los Reyes Projects cumulative expenditures

Project expenditures since acquisition on July 17, 2020, are summarized as follows:

	Total
Salaries and personnel	\$ 2,700,830
Drilling	4,044,926
Resource estimation and technical services	2,078,794
Equipment and field supplies	866,450
Land payments and maintenance	453,162
General and administrative	495,279
Value added tax	1,265,711
	\$ 11,905,152

7. Long-term payable

The Los Reyes Amended Option Agreement requires the Company to reimburse Vista Gold Corp. 90% of the VAT receivable of \$922,394 (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 the payable is presented as a non-current liability.

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

For the three and six months ended October 31, 2021 and 2020

(In Canadian dollars, except share numbers) - Unaudited

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

Unlimited number of common shares without par value.

b) Issued capital

At October 31, 2021, there were 112,473,205 issued and outstanding common shares (April 30, 2021 - 100,841,583).

The Company had the following common share transactions during the six months ended October 31, 2021:

- The Company issued 11,166,622 common shares for gross proceeds of \$6,003,311 upon exercise of warrants.
- The Company issued 265,000 common shares for gross proceeds of \$151,000 upon exercise of options.
- The Company issued 200,000 common shares to settle the exercise of warrants.

The Company had the following common share transactions during the year ended April 30, 2021:

- On April 27, 2021, the Company closed a private placement of 9,746,250 units at a price of \$2.95 per unit for gross proceeds of \$28,751,438, with transaction costs of \$1,983,733. Each unit consists of one common share and one half of one common share purchase warrant exercisable at a price of \$5.00 until April 27, 2024.
- 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, with transaction costs of \$568,530. Each unit consists of one common share and one common share purchase warrant exercisable at a price of \$1.10 until June 12, 2025.
- The Company issued 330,000 common shares valued at \$465,000 related to finders' fees (note 6).
- The Company issued 8,665,951 common shares for gross proceeds of \$4,662,975 upon exercise of warrants. Additionally, proceeds of \$220,000 were received for which 200,000 common shares were issued subsequent to April 30, 2021.
- The Company issued 2,500,000 common shares for gross proceeds of \$1,010,000 upon exercise of options.

c) Warrants

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

	Number of warrants	Weighted average exercise price (\$)
Outstanding at April 30, 2020	18,588,525	0.50
Granted	26,073,125	1.83
Exercised	(8,665,951)	0.54
Outstanding at April 30, 2021	35,995,699	1.45
Cancelled	(5,952)	0.50
Exercised	(11,366,622)	0.55
Outstanding at October 31, 2021	24,623,125	1.87

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

For the three and six months ended October 31, 2021 and 2020

(In Canadian dollars, except share numbers) - Unaudited

Warrants outstanding at October 31, 2021 and April 30, 2021, are as follows:

Issuance date	Expiry date	Exercise price (\$)	Warrants outstanding at	
			October 31, 2021	April 30, 2021
August 28, 2019	August 28, 2021	0.50	-	10,472,574
June 12, 2020 ⁽¹⁾	June 12, 2025	1.10	19,750,000	20,650,000
April 27, 2021	April 27, 2024	5.00	4,873,125	4,873,125

⁽¹⁾ During the year ended April 30, 2021, 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 October 31, 2021, \$70,000 is included in prepaid expenses.

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 six months ended October 31, 2021 and the year ended April 30, 2021, are summarized as follows:

	Number of share options	Weighted average exercise price (\$)
Outstanding at April 30, 2020	5,455,000	0.40
Granted	4,700,000	1.16
Exercised	(2,500,000)	0.40
Forfeited	(90,000)	0.43
Outstanding at April 30, 2021	7,565,000	0.87
Granted	2,910,000	4.01
Exercised	(265,000)	0.57
Outstanding at October 31, 2021	10,210,000	1.78
Exercisable at October 31, 2021	7,728,333	1.11

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

For the three and six months ended October 31, 2021 and 2020

(In Canadian dollars, except share numbers) - Unaudited

Share options outstanding and exercisable at October 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	2,400,000	0.40	2.93	2,400,000	0.40	2.93
0.42	250,000	0.42	3.27	250,000	0.42	3.27
0.95	3,100,000	0.95	3.62	3,100,000	0.95	3.62
1.30	700,000	1.30	3.66	700,000	1.30	3.66
1.65	300,000	1.65	3.92	200,000	1.65	3.92
1.75	125,000	1.75	4.12	83,333	1.75	4.12
1.92	425,000	1.92	3.75	425,000	1.92	3.75
3.38	100,000	3.38	4.53	33,333	3.38	4.53
3.50	600,000	3.50	4.53	-	3.50	4.53
4.18	2,210,000	4.18	4.90	536,667	4.18	4.90
	10,210,000	1.78	3.81	7,728,333	1.11	3.51

The fair value of stock options recognized during the six months ended October 31, 2021, as an expense was \$3,091,279 (six months ended October 31, 2020 - \$2,444,500).

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

	Six months ended October 31,	
	2021	2020
Risk-free interest rate	1.01%	0.36%
Expected life of options	5 years	5 years
Annualized volatility	82.7%	90.0%
Forfeiture rate	-	-
Dividend rate	-	-
Weighted average grant-date fair value per option	\$2.63	\$0.79

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.

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

For the three and six months ended October 31, 2021 and 2020

(In Canadian dollars, except share numbers) - Unaudited

9. Related party transactions and balances

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and includes both executive and non-executive directors, officers, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

Key management compensation includes:

	Six months ended October 31,	
	2021	2020
Salaries, personnel and benefits ⁽¹⁾	\$ 581,715	\$ 785,491
Directors fees	97,500	77,651
Share-based compensation	1,794,490	2,130,167
	\$ 2,473,705	\$ 2,993,309

⁽¹⁾ Salaries, personnel and benefits includes salaries of \$145,000 (2020 - \$nil) included in exploration and evaluation expenditures (note 6b)

Trade payables and accruals include \$16,250 (April 30, 2021 - \$16,250) owed to directors and officers of the Company.

During the six months ended October 31, 2020, the Company repaid the loan balance, interest and commitment fee owed to a director and officer of \$1,164,678.

10. Segmented information

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

	October 31,	April 30,
	2021	2021
Canada	\$ 109,028	\$ 78,932
Mexico	12,751,276	11,410,585
	\$ 12,860,304	\$ 11,489,517

11. Supplemental disclosure with respect to cash flow

	Six months ended October 31,	
	2021	2020
Prepaid consulting fees paid with warrants	\$ -	\$ 240,000
Obligation to issue shares for exploration and evaluation assets	-	465,000
Non-current payables for exploration and evaluation assets	-	1,005,000
Grant date fair value of warrants exercised	461,023	62,272
Grant date fair value of stock options exercised	\$ 108,669	\$ 470,882

PRIME MINING CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended October 31, 2021 and 2020

(In Canadian dollars, except share numbers) - Unaudited

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

The Company's interest rate risk mainly arises from changes in the interest rates on cash. Cash generates interest based on market interest rates. At October 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 recovery of VAT receivable involves a complex application process, and the timing of collection is uncertain. 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.

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 October 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:

	October 31,		April 30,
	2021		2021
US dollar	\$ 396,645	\$	76,664
Mexican peso	\$ 86,178	\$	97,585

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

	October 31,		April 30,
	2021		2021
Cash	\$ 5,129,011	\$	2,155,736
VAT Receivable	1,024,883		1,016,690
Payables and accruals	403,269		514,912
Long-term payable	\$ 922,394	\$	915,021

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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 market data (unobservable inputs).

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

13. Subsequent events

Subsequent to October 31, 2021, the Company:

- Issued 100,000 common shares for gross proceeds of \$110,000 upon exercise of warrants.
- Signed a new premises lease which will commence during November 2021. The premises lease commits the Company to make payments of \$253,218 over a five-year term.