

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

**PRIME MINING CORP.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended  
September 30, 2022 and October 31, 2021  
(Unaudited)

**PRIME MINING CORP.**  
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
(In Canadian dollars) - Unaudited

	Note	September 30, 2022	December 31, 2021
<b>ASSETS</b>			
<b>Current</b>			
Cash		\$ 9,344,844	\$ 27,413,707
Receivables		61,697	53,349
Prepaid expenses		143,476	138,219
<b>Total current assets</b>		<b>9,550,017</b>	<b>27,605,275</b>
Value added tax receivable	4	850,779	1,049,214
Property and equipment	5	733,379	616,319
Exploration and evaluation assets	6	12,514,568	12,514,568
<b>Total assets</b>		<b>\$ 23,648,743</b>	<b>\$ 41,785,376</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Trade payables and accruals	9	\$ 781,939	\$ 1,325,936
Current portion of lease liabilities		35,831	46,522
<b>Total current liabilities</b>		<b>817,770</b>	<b>1,372,458</b>
Long-term payable	7	765,701	944,292
Lease liabilities		135,719	154,034
<b>Total liabilities</b>		<b>1,719,190</b>	<b>2,470,784</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	8	100,253,721	100,113,471
Reserves	8	16,934,767	13,466,551
Deficit		(95,258,935)	(74,265,430)
<b>Total shareholders' equity</b>		<b>21,929,553</b>	<b>39,314,592</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 23,648,743</b>	<b>\$ 41,785,376</b>

Nature and continuance of operations (note 1)  
Subsequent event (note 13)

Approved by the Board of Directors on November 3, 2022:

                    "Daniel Kunz"                     Director                                          "Paul Sweeney"                     Director

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

(In Canadian dollars) - Unaudited

	Note	Three months ended		Nine months ended	
		September 30, 2022	October 31, 2021	September 30, 2022	October 31, 2021
<b>Operating expenses</b>					
Exploration and evaluation	6	\$ 3,757,180	\$ 2,355,003	\$ 13,744,083	\$ 7,450,471
General and administrative	3	1,792,978	2,983,951	5,452,246	4,858,512
Value added tax provision	4	631,240	191,449	2,109,789	959,627
Depreciation	5	45,182	44,809	126,810	145,878
Financing		4,419	753	15,531	3,599
Foreign exchange (gain) loss		(278,801)	74,771	(336,027)	(74,644)
<b>Loss from operations</b>		<b>(5,952,198)</b>	<b>(5,650,736)</b>	<b>(21,112,432)</b>	<b>(13,343,443)</b>
Interest income		60,979	17,313	118,927	31,564
Gain on sale of Auramex	1	-	-	-	239,379
Rent recovery		-	33,000	-	100,714
<b>Loss and comprehensive loss for the period</b>		<b>\$ (5,891,219)</b>	<b>\$ (5,600,423)</b>	<b>\$ (20,993,505)</b>	<b>\$ (12,971,786)</b>
<b>Weighted average shares outstanding - basic and diluted</b>		<b>112,696,711</b>	<b>111,356,357</b>	<b>112,686,400</b>	<b>101,316,293</b>
<b>Loss per share - basic and diluted</b>		<b>\$ (0.05)</b>	<b>\$ (0.05)</b>	<b>\$ (0.19)</b>	<b>\$ (0.13)</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**  
(In Canadian dollars) - Unaudited

<b>Nine months ended</b>	<b>September 30, 2022</b>	<b>October 31, 2021</b>
<b>OPERATING ACTIVITIES</b>		
Loss for the period	\$ (20,993,505)	\$ (12,971,786)
Items not affecting cash:		
Depreciation	126,810	145,878
Interest income	(118,927)	(31,564)
Share-based compensation	3,468,216	3,462,557
Financing expense	15,531	3,599
Equipment disposal	31,606	-
Gain on sale of Auramex	-	(239,379)
Foreign exchange	7,821	12,889
Change in non-cash working capital items:		
Receivables	(8,348)	129,507
VAT receivables	12,020	-
Prepaid expenses	(5,257)	76,765
Trade payables and accruals	(543,997)	87,451
Cash used in operating activities	<b>(18,008,030)</b>	<b>(9,324,083)</b>
<b>FINANCING ACTIVITIES</b>		
Shares issued for cash	140,250	36,877,790
Share issuance costs	-	(1,996,415)
Lease liabilities	(44,534)	(61,929)
Cash provided by financing activities	<b>95,716</b>	<b>34,819,446</b>
<b>INVESTING ACTIVITIES</b>		
Exploration and evaluation assets	-	(1,229,400)
Purchase of equipment	(275,476)	(290,356)
Interest received	118,927	31,564
Cash used in investing activities	<b>(156,549)</b>	<b>(1,488,192)</b>
<b>(Decrease) increase in cash</b>	<b>(18,068,863)</b>	<b>24,007,171</b>
<b>Cash, beginning of period</b>	<b>27,413,707</b>	<b>5,840,853</b>
<b>Cash, end of period</b>	<b>\$ 9,344,844</b>	<b>\$ 29,848,024</b>

Supplemental disclosure with respect to cash flows (note 11)

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

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

(In Canadian dollars, except share numbers) - Unaudited

	Note	Common shares	Share capital	Reserves	Deficit	Shareholders' equity
At December 31, 2021		112,573,205	\$ 100,113,471	\$ 13,466,551	\$ (74,265,430)	\$ 39,314,592
Warrants exercised	8b)	127,500	140,250	-	-	140,250
Share-based compensation	8d)	-	-	3,468,216	-	3,468,216
Loss for the period		-	-	-	(20,993,505)	(20,993,505)
<b>At September 30, 2022</b>		<b>112,700,705</b>	<b>\$ 100,253,721</b>	<b>\$ 16,934,767</b>	<b>\$ (95,258,935)</b>	<b>\$ 21,929,553</b>
	Note	Common shares	Share capital	Reserves	Deficit	Shareholders' equity
At January 31, 2021		87,989,250	\$ 64,429,622	\$ 9,407,836	\$ (56,643,349)	\$ 17,194,109
Private placement, net of share issuance costs – April 2021		9,746,250	26,767,705	-	-	26,767,705
Share issuance costs		-	(12,682)	-	-	(12,682)
Stock options exercised		675,000	546,218	(232,818)	-	313,400
Warrants exercised		14,062,705	8,272,608	(461,256)	-	7,811,352
Share-based compensation	8d)	-	-	3,462,557	-	3,462,557
Loss for the period		-	-	-	(12,971,786)	(12,971,786)
At October 31, 2021		112,473,205	\$ 100,003,471	\$ 12,176,319	\$ (69,615,135)	\$ 42,564,655

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 September 30, 2022 and October 31, 2021

(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:

<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”) <sup>(1)</sup>	Mexico	Magenta Project
ePower Metals SA de CV	Mexico	Holding mineral claims
Argus Metals (BGI) Inc.	Barbados	Inactive
ePower Metalen	Suriname	Inactive

<sup>(1)</sup> On April 30, 2021, the Company divested Auramex for \$nil consideration resulting in a gain on sale of \$239,379.

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 \$20,993,505 during the nine months ended September 30, 2022 and, as of that date, the Company’s deficit was \$95,258,935. 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 \$9,344,844 at September 30, 2022 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 nine months ended September 30, 2022 and October 31, 2021

(In Canadian dollars, except share numbers) - Unaudited

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**2. Basis of preparation**

**a) Change of year end**

During the eight months ended December 31, 2021, the Company changed its fiscal year end from April 30 to December 31. The comparative period is the three and nine months ended October 31, 2021. The new financial year will align the Company with its Mexican subsidiaries. Further, there will be better alignment with the Company's peers in the mineral resources sector to facilitate assessment of the Company's business performance.

**b) Statement of Compliance**

These condensed interim consolidated financial statements ("interim financial statements") were approved by the Board of Directors and authorized for issue on November 3, 2022.

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 eight months ended December 31, 2021 and the year ended April 30, 2021 ("annual consolidated financial statements").

**c) 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, Auramex until sold, 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.

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

For the three and nine months ended September 30, 2022 and October 31, 2021

(In Canadian dollars, except share numbers) - Unaudited

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.

**d) 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.

**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 January 1, 2022. None of these impacted or are expected to be relevant to the Company's financial statements.

**3. General and administrative expense**

	Note	Three months ended		Nine months ended	
		September 30, 2022	October 31, 2021	September 30, 2022	October 31, 2021
Salaries, directors fees and personnel	9	\$ 334,154	\$ 252,533	\$ 964,920	\$ 875,873
Consulting and professional fees	9	172,475	95,219	377,675	216,239
Investor relations		111,720	29,041	229,700	90,483
Office and other		135,132	107,928	411,735	213,360
Share-based compensation	8d), 9	1,039,497	2,499,230	3,468,216	3,462,557
		\$ 1,792,978	\$ 2,983,951	\$ 5,452,246	\$ 4,858,512



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

For the three and nine months ended September 30, 2022 and October 31, 2021

(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 but subject to review and assessment from the Mexican government.

The Company recorded the VAT paid on the purchase of Los Reyes Project resulting in a VAT receivable of US\$827,586. During the nine months ended September 30, 2022, the Company received VAT of US\$206,897. At September 30, 2022, there remained a VAT receivable balance of \$850,779 (US\$620,690). Upon receipt of the VAT receivable the Company is required to settle the long-term payable (note 7).

*Value added tax provision*

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

During the three and nine months ended September 30, 2022, the Company recorded a provision for VAT incurred of \$631,240 and \$2,109,789, respectively (three and nine months ended October 31, 2021 - \$191,449 and \$959,627, respectively) related to additional Los Reyes Project expenditures. Since inception, the Company has recorded a VAT provision of \$3,655,021.

**5. Property and equipment**

	Office equipment	Right of use assets	Project equipment	Total
<b>Cost</b>				
At January 1, 2022	\$ 66,905	\$ 424,228	\$ 514,992	\$ 1,006,125
Additions	9,557	-	265,919	275,476
At September 30, 2022	76,462	424,228	780,911	1,281,601
<b>Accumulated depreciation</b>				
At January 1, 2022	54,455	202,460	132,891	389,806
Depreciation	5,609	34,794	86,407	126,810
Disposal	-	-	31,606	31,606
At September 30, 2022	60,064	237,254	250,904	548,222
Carrying amount September 30, 2022	\$ 16,398	\$ 186,974	\$ 530,007	\$ 733,379
	Office equipment	Right of use assets	Project equipment	Total
<b>Cost</b>				
At May 1, 2021	\$ 66,905	\$ 192,268	\$ 163,311	\$ 422,484
Additions	-	231,960	351,681	583,641
At December 31, 2021	66,905	424,228	514,992	1,006,125
<b>Accumulated depreciation</b>				
At May 1, 2021	40,417	139,824	37,894	218,135
Depreciation	14,038	45,148	94,997	154,183
Disposal	-	17,488	-	17,488
At December 31, 2021	54,455	202,460	132,891	389,806
Carrying amount December 31, 2021	\$ 12,450	\$ 221,768	\$ 382,101	\$ 616,319

**PRIME MINING CORP.**

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2022 and October 31, 2021

(In Canadian dollars, except share numbers) - Unaudited

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

During August 2019 and subsequently amended, the Company closed the Los Reyes Assignment Agreement with Minera Alamos Inc. ("MAI"), Vista Gold Corp. ("Vista Gold"), and the Mexican subsidiaries of each of MAI and the Company, pursuant to which MAI assigned the rights to an option to earn a 100% interest in the Los Reyes Project in Sinaloa State, Mexico.

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

During June 2021, the Company completed the final option payment cancelling all royalties and rights held by Vista Gold and completed the acquisition of the Los Reyes Project.

Acquisition costs capitalized as exploration assets are as follows:

	<b>Los Reyes Project</b>
At May 1, 2020	\$ 7,531,775
Additions	3,753,393
At April 30, 2021	11,285,168
Additions	1,229,400
<b>At December 31, 2021 and September 30, 2022</b>	<b>\$ 12,514,568</b>

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

For the three and nine months ended September 30, 2022 and October 31, 2021

(In Canadian dollars, except share numbers) - Unaudited

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

Project expenditures during the three and nine months ended September 30, 2022, and October 31, 2021, are summarized as follows:

	Note	Three months ended		Nine months ended	
		September 30, 2022	October 31, 2021	September 30, 2022	October 31, 2021
Drilling		\$ 1,891,276	\$ 1,070,212	\$ 7,533,488	\$ 3,863,449
Salaries and personnel	9	806,328	821,340	2,251,030	1,609,364
Resource assaying, estimation, and technical services		596,054	247,740	2,279,225	1,205,811
Equipment and field supplies		289,893	130,792	1,273,716	401,781
Land payments and maintenance		81,790	-	219,092	78,207
General and administrative		91,839	84,919	187,532	291,859
		<b>\$ 3,757,180</b>	<b>\$ 2,355,003</b>	<b>\$ 13,744,083</b>	<b>\$ 7,450,471</b>

*ii. Los Reyes Projects cumulative expenditures*

Project expenditures since acquisition, are summarized as follows:

	Total
Drilling	\$ 12,907,904
Salaries and personnel	5,415,921
Resource assaying, estimation, and technical services	4,472,987
Equipment and field supplies	2,349,775
Land payments and maintenance	672,254
General and administrative	825,876
	<b>\$ 26,644,717</b>

**7. Long-term payable**

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

During the nine months ended September 30, 2022, the Company received US\$206,897 of the VAT receivable. A payment of US\$186,207 was made to Vista Gold. The remaining payable amount of \$765,701 (US\$558,621) requires payment when the VAT receivable is collected.

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

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

For the three and nine months ended September 30, 2022 and October 31, 2021

(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 September 30, 2022, there were 112,700,705 issued and outstanding common shares (December 31, 2021 - 112,573,205).

The Company had the following common share transactions during the nine months ended September 30, 2022:

- The Company issued 127,500 common shares for gross proceeds of \$140,250 upon exercise of warrants.
- During the nine months ended September 30, 2022, the Company renewed a services agreement between Trinity Advisors Corporation for a 2-year term expiring June 8, 2024. Pursuant to the agreement, the Company is required to pay a fee of \$112,500 every six months during the term of the agreement, with the first payment occurring on or before December 8, 2022. The fee will be entirely satisfied through the issuance of units (each, a "Unit") of the Company. Each Unit will consist of one common share of the Company and one common share purchase warrant, with each warrant being exercisable for one common share of the Company for a period of three years at an exercise price equivalent to a 20% premium to the last closing price of the common shares of the Company immediately prior to the issuance of the Units, subject to such minimum pricing as may be permitted by the policies of the TSX-V.

The Company had the following common share transactions during the eight months ended December 31, 2021:

- The Company issued 11,266,622 common shares for gross proceeds of \$6,113,311 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.

**c) Warrants**

Warrant transactions and the number of warrants outstanding during the nine months ended September 30, 2022 and eight months ended December 31, 2021, are summarized as follows:

	Number of warrants	Weighted average exercise price (\$)
Outstanding at April 30, 2021	35,995,699	1.45
Cancelled	(5,952)	0.50
Exercised	(11,466,622)	0.55
Outstanding at December 31, 2021	<b>24,523,125</b>	<b>1.87</b>
Exercised	<b>(127,500)</b>	<b>1.10</b>
Outstanding at September 30, 2022	<b>24,395,625</b>	<b>1.88</b>

**PRIME MINING CORP.**

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2022 and October 31, 2021

(In Canadian dollars, except share numbers) - Unaudited

Warrants outstanding at September 30, 2022 and December 31, 2021, are as follows:

Issuance date	Expiry date	Exercise price (\$)	Warrants outstanding at	
			September 30, 2022	December 31, 2021
June 12, 2020	June 12, 2025	1.10	19,522,500	19,650,000
April 27, 2021	April 27, 2024	5.00	4,873,125	4,873,125

**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 September 30, 2022 and the eight months ended December 31, 2021, are summarized as follows:

	Number of share options	Weighted average exercise price (\$)
Outstanding at April 30, 2021	7,565,000	0.87
Granted	2,910,000	4.01
Exercised	(265,000)	0.57
Outstanding at December 31, 2021	10,210,000	1.78
Granted	1,275,000	2.51
Forfeited	(725,000)	3.51
Outstanding at September 30, 2022	10,760,000	1.75
Exercisable at September 30, 2022	9,551,667	1.65

Share options outstanding and exercisable at September 30, 2022, 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	2.01	2,400,000	0.40	2.01
0.42	250,000	0.42	2.36	250,000	0.42	2.36
0.95	3,100,000	0.95	2.71	3,100,000	0.95	2.71
1.30	700,000	1.30	2.75	700,000	1.30	2.75
1.65	300,000	1.65	3.01	300,000	1.65	3.01
1.75	125,000	1.75	3.21	125,000	1.75	3.21
1.92	425,000	1.92	2.84	425,000	1.92	2.84
4.18	2,185,000	4.18	3.99	1,985,000	4.18	3.99
3.53	400,000	3.53	4.50	266,667	3.53	4.50
2.05	875,000	2.05	4.88	-	2.05	4.88
	<b>10,760,000</b>	<b>1.75</b>	<b>3.07</b>	<b>9,551,667</b>	<b>1.65</b>	<b>2.87</b>

**PRIME MINING CORP.**

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2022 and October 31, 2021

(In Canadian dollars, except share numbers) - Unaudited

The fair value of stock options recognized during the nine months ended September 30, 2022, as an expense was \$3,406,468 (nine months ended October 31, 2021 - \$3,462,557).

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 September 30, 2022 and October 31, 2021:

	<b>September 30, 2022</b>	<b>Nine months ended October 31, 2021</b>
Risk-free interest rate	<b>2.79%</b>	1.01%
Expected life of options	<b>5 years</b>	5 years
Annualized volatility	<b>85.3%</b>	82.7%
Forfeiture rate	-	-
Dividend rate	-	-
Weighted average grant-date fair value per option	<b>\$1.72</b>	\$2.63

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

**e) Restricted share units**

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

During the three and nine months ended September 30, 2022, the Company granted 400,000 RSUs to an officer of the Company with a fair market value of \$820,000. The RSUs vest in equal tranches on the first, second and third anniversary of the grant approval date. After the first anniversary, if the Company's share price reaches a 30-day VWAP of \$3.00 for the second third of unvested RSUs and \$4.00 for the final third of unvested RSUs then the remaining vesting shall be accelerated and the respective RSUs shall become vested on the last day of the appropriate 30-day period. No RSUs were granted in the comparative period.

	Number of RSUs
Outstanding at April 30, 2021 and December 31, 2021	-
Granted	400,000
Outstanding at September 30, 2022	<b>400,000</b>

The fair value of the RSUs recognized during the nine months ended September 30, 2022, as an expense was \$61,748 (nine months ended October 31, 2021 - \$nil).

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

For the three and nine months ended September 30, 2022 and October 31, 2021

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**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:

	Nine months ended	
	September 30, 2022	October 31, 2021
Salaries, personnel and benefits <sup>(1)</sup>	\$ 922,028	\$ 900,210
Directors fees	199,935	146,250
Consulting fees	50,386	-
Share-based compensation	2,083,985	2,104,722
	<b>\$ 3,256,334</b>	<b>\$ 3,151,182</b>

<sup>(1)</sup> Salaries, personnel and benefits includes salaries of \$207,731 (October 31, 2021 - \$190,000) included in exploration and evaluation expenditures (note 6b).

Trade payables and accruals include \$47,988 (December 31, 2021 - \$593,070) owed to directors and officers of the Company.

**10. Segmented information**

The Company has one reportable operating segment, being the acquisition and exploration of mineral properties. At September 30, 2022 and December 31, 2021, all exploration and evaluation assets and property and equipment were located in Canada and Mexico.

	September 30, 2022	December 31, 2021
Canada	\$ 203,372	\$ 234,218
Mexico	13,044,575	12,896,669
	<b>\$ 13,247,947</b>	<b>\$ 13,130,887</b>

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

	Nine months ended	
	September 30, 2022	October 31, 2021
Grant date fair value of warrants exercised	\$ -	\$ 168,936
Grant date fair value of stock options exercised	-	232,818
Shares issued for exploration and evaluation assets	-	465,000
Financing fee included in trade payable and accruals	\$ -	\$ 143,701

**PRIME MINING CORP.**

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2022 and October 31, 2021

(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 September 30, 2022, 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 September 30, 2022, 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:

	<b>September 30, 2022</b>	December 31, 2021
US dollar	\$ (64,893)	\$ 245,308
Mexican peso	\$ 89,829	\$ 95,710

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

	<b>September 30, 2022</b>	December 31, 2021
Cash	\$ 646,012	\$ 3,927,517
VAT receivable	877,834	1,049,214
Payables and accruals	484,965	574,604
Long-term payable	\$ 765,701	\$ 944,292



**PRIME MINING CORP.**

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

For the three and nine months ended September 30, 2022 and October 31, 2021

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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, trade payables and accruals, long-term payable and lease liabilities approximates their fair value due to the relatively current nature of those financial instruments.

**13. Subsequent event**

Subsequent to September 30, 2022, the Company:

- Issued 100,000 common shares for gross proceeds of \$110,000 upon exercise of warrants.