



**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the three and nine months ended  
September 30, 2023 and 2022

## **PRIME MINING CORP.**

### Management's Discussion and Analysis

For the three and nine months ended September 30, 2023 and 2022

(In Canadian dollars, except where noted)

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*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 November 14, 2023, and relates to the financial condition and results of operations for the three and nine months ended September 30, 2023 and 2022. 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 September 30, 2023 and 2022, which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). 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 year ended December 31, 2022, the eight months ended December 31, 2021 and the year ended April 30, 2021 ("annual financial statements").*

*The three months ended September 30, 2023 and 2022, are also referred to as "Q3 2023" and "Q3 2022", respectively. The nine months ended September 30, 2023 and 2022, are also referred to as "YTD 2023" and "YTD 2022", respectively. All amounts are presented in Canadian dollars, the Company's presentation currency, unless otherwise stated. References to "US\$" and "MXN" are to United States dollars and Mexican pesos, respectively.*

*Certain information contained in this MD&A may constitute forward-looking statements. Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. Refer to the "Risks and Uncertainties" and "Cautionary Note Regarding Forward-Looking Statements" sections of this document.*

## **OVERVIEW OF THE BUSINESS**

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The Company was incorporated on May 14, 1981 in British Columbia. 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 710 - 1030 West Georgia Street, Vancouver, BC, V6E 2Y3. The Company has wholly owned subsidiaries in 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 OTCQX 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 the nine months ended September 30, 2023, the Company has seen progress in all three areas with continued emphasis on operating under appropriate health guidelines, strengthened exploration team performance and advances in our corporate administration.

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### Los Reyes Gold and Silver Project

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. Los Reyes 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 mapping, trenching and roadcut channel sampling. Prime subsequently exercised the option with Vista Gold in 2020.

The Company believes that the Los Reyes Project is an overlooked, underexplored, low-sulphidation 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.

### HIGHLIGHTS AND KEY DEVELOPMENTS

#### Los Reyes Project

The 2023 drill program commenced January 1, 2023. Currently, six core drills are in operation.

Refer to the *Outlook* section below for details pertaining to the planned objectives of the 2023 drill program.

#### Exploration activities during the three months ended September 30, 2023

In July 2023, the Company reported drill results from nine core holes at the Central Area. These holes were drilled at Noche Buena, located in the southeastern-most end of the Central Area up to 150 m along strike from the bottom of the recently announced resource pit (May 2023). These holes confirm the ongoing expansion of potential gold-silver resources in addition to and not included in the Company's 2023 Mineral Resource Estimate ("MRE").

Highlights <sup>(1)</sup>:

Hole ID	From (m)	To (m)	Interval (m)	ETW (m) <sup>(2)</sup>	Au (gpt)	Ag (gpt)	AuEq <sup>(3)</sup>	Au Cut-off <sup>(4)</sup>	Area
23NB-46	187.20	196.55	9.35	9.05	4.11	67.93	4.99	1.0	Noche Buena
including	189.35	190.45	1.10	1.05	31.40	470.00	37.48	1.0	Noche Buena
23NB-39	79.00	93.00	14.00	13.50	1.23	20.49	1.50	1.0	Noche Buena
including	79.00	81.00	2.00	1.95	4.19	76.00	5.17	1.0	Noche Buena
23NB-40	150.00	156.00	6.00	5.65	1.86	30.18	2.25	1.0	Noche Buena
including	150.00	151.50	1.50	1.40	4.75	67.60	5.62	1.0	Noche Buena

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In September 2023, the Company reported drill results from 23 core holes from the Las Primas (12 holes) and Fresnillo (11 holes) generative targets. Both areas are from outside the MRE. The newly discovered Las Primas mineralization contains high-grades and significant thicknesses in areas located between the Central and Guadalupe Zones. The precious metals mineralization is in high-grade plunging shoots, similar to Guadalupe, Tahonitas and Nocha Buena areas, that contain a multiple gram per tonne ('gpt') gold equivalent ('AuEq') center with an outer, lower-grade halo. At Las Primas, mapping and 2023 drilling has confirmed continuity of at least two mineralized structural corridors that remain open in all directions. Fresnillo is a highly prospective earlier stage target, where drilling intercepted thick mineralized structures, between the Z-T and Central Zones. Follow-up drilling is planned to continue. Surface mapping and modelling of these structures is ongoing.

Highlights <sup>(1)</sup>:

Hole ID	From (m)	To (m)	Interval (m)	ETW (m) <sup>(2)</sup>	Au (gpt)	Ag (gpt)	AuEq <sup>(3)</sup>	Au Cut-off <sup>(4)</sup>	Area
23LP-14	117.25	119.75	2.50	2.45	10.85	114.86	12.34	1.0	Las Primas
including	117.25	119.00	1.75	1.70	15.40	162.20	17.50	1.0	Las Primas
23LP-06	126.00	135.75	9.75	9.60	1.70	2.32	1.73	1.0	Las Primas
including	132.00	135.00	3.00	2.95	4.88	4.70	4.94	1.0	Las Primas
23LP-07	9.65	24.50	14.85	14.60	0.87	25.78	1.20	0.2	Las Primas
23FRE-12	214.00	241.50	27.50	23.80	0.56	14.28	0.74	0.2	Fresnillo
23FRE-12	249.00	273.00	24.00	20.80	0.41	5.29	0.48	0.2	Fresnillo
23FRE-19	273.60	286.20	12.60	10.90	1.06	45.22	1.65	1.0	Fresnillo
including	275.80	276.80	1.00	0.85	6.63	438.00	12.30	1.0	Fresnillo
23FRE-20	267.30	275.90	8.60	7.45	0.87	40.42	1.39	0.2	Fresnillo
including	270.45	271.50	1.05	0.90	2.02	108.70	3.43	1.0	Fresnillo

Also in September 2023, the Company reported 22 core holes from the Z-T (8), Central (2) and Guadalupe East (12) Zones. The drilling targeted areas extending materially beyond the mineral resource envelope at the Z-T, Guadalupe and Central Zones which together form the basis of the Company's MRE.

Z-T Zone drill results continue to build on the previously released holes completed after the MRE drilling cut-off at the end of 2022. Year-to-date, this drilling has extended the high-grade, greater than 1 gpt AuEq grade shell more than 1.2 km along strike and 240 m down dip below the MRE pit shell. The exploration team is targeting specific areas of these growing high-grade shoots to accelerate additions to Inferred Resources within the Z-T pit constrained shapes. High-grade plunging shoots are still open at depth and along strike in multiple areas along the Z-T Zone.

Guadalupe Zone drilling in 2023 has focused on large step-outs beyond the MRE pit boundary to the east-southeast. Drilling has intersected several vein structures that are along strike and / or parallel to splays off the main Estaca Vein. High-grade, narrow vein intercepts have been drilled more than 500 m from the MRE pit crest (holes 23GE-135 and 136).

In addition, the Company released 11 core holes from Zapote West area, a generative target referred to as the '300 Trend'. The 300 Trend is roughly a 2 km long mineralized structure that splays from the main Zapote trend with a 300-degree azimuth and consists of structurally controlled quartz and quartz breccia zones. The 11 widely spaced diamond drill holes tested the structure over an 800 m strike length and to a depth of 250 m, intersecting the mineralized structure in all holes.

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Highlights <sup>(1)</sup>:

Hole ID	From (m)	To (m)	Interval (m)	ETW (m) <sup>(2)</sup>	Au (gpt)	Ag (gpt)	AuEq <sup>(3)</sup>	Au Cut-off <sup>(4)</sup>	Area
23TA-71	353.00	376.65	23.65	20.50	3.16	54.91	3.87	1.0	Tahonitas
including	359.75	366.10	6.35	5.50	7.63	83.96	8.72	1.0	Tahonitas
23ZAP-118	238.8	254.65	15.85	7.9	1.91	24.28	2.22	1.0	Zapote South
including	243.8	248.9	5.1	2.55	4.65	42.74	5.20	1.0	Zapote South
23ZAP-115	234.85	241.6	6.75	4.75	3.07	34.37	3.51	1.0	Zapote South
23ZAP-115	262.35	278.5	16.15	11.4	0.69	19.46	0.94	0.2	Zapote South
23ZAP-112	173.55	192.30	18.75	18.45	0.56	24.24	0.87	0.2	Zapote South
23ZAP-106	125.45	129.00	3.55	3.55	3.77	36.62	4.24	1.0	Zapote 300
including	125.45	127.50	2.05	2.05	6.37	57.63	7.12	1.0	Zapote 300
23GE-142	191.40	193.60	2.20	2.20	10.10	263.77	13.51	1.0	Guadalupe East
including	192.40	193.60	1.20	1.20	17.80	437.00	23.46	1.0	Guadalupe East
23GE-142	198.55	199.50	0.95	0.95	18.20	2024.00	44.39	1.0	Guadalupe East
									Estaca Footwall
23GE-136	350.50	352.00	1.50	0.75	5.46	742.00	15.06	1.0	Splay
23NB-48	256.50	260.00	3.50	2.45	2.63	18.83	2.87	1.0	Noche Buena
including	257.80	258.50	0.70	0.50	10.40	51.00	11.06	1.0	Noche Buena

**Exploration activities after three months ended September 30, 2023**

In November 2023, the Company reported nine core drill holes from the Z-T Area, known as Tahonitas. The drill holes intersected high grades at meaningful widths, continuing to build on the mineralized envelope discussed in the Company's September 12, 2023 news release. The exploration team is targeting specific areas of these growing high-grade shoots to add Resources within the Z-T Area pit constrained shapes.

Tahonitas continues to demonstrate higher silver grades compared to other zones within the Z-T area. These higher silver grades have the potential to increase the overall AuEq grades and gold-silver ounces in these areas.

High-grade plunging shoots are still open at depth and along strike in multiple areas along the Z-T area and will continue to be a focus of resource expansion drilling for the remainder of the year.

Highlights <sup>(1)</sup>:

Hole ID	From (m)	To (m)	Interval (m)	ETW (m) <sup>(2)</sup>	Au (gpt)	Ag (gpt)	AuEq <sup>(3)</sup>	Au Cut-off <sup>(4)</sup>	Area
23TA-79	289.65	311.75	22.10	20.05	2.11	29.27	2.49	1.0	Tahonitas
including	301.55	307.20	5.65	5.10	6.65	46.47	7.25	1.0	Tahonitas
23TA-80	306.00	312.00	6.00	5.45	1.06	72.61	2.00	1.0	Tahonitas
including	307.00	309.00	2.00	1.80	2.57	78.54	3.59	1.0	Tahonitas
23TA-73	339.50	343.90	4.40	4.40	0.51	13.49	0.68	0.2	Tahonitas
including	339.50	340.40	0.90	0.90	1.28	48.90	1.91	1.0	Tahonitas

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## Footnotes:

- (1) A complete table of assay results from all deposits and all secondary zones intersected utilizing a 0.20 gpt Au cut-off is on the Company's website.
- (2) Estimated True Widths (ETW) are estimated based on drill hole geology or comparisons with other on-section drill holes.
- (3) Au Equivalent (AuEq) is calculated as  $Au\ gpt + (Ag\ gpt \times (\$22/\$1700))$  where \$22 and \$1700 are the price of one ounce of Ag and Au respectively (in US dollars).
- (4) Composite assay grades presented in summary tables are calculated using a Au grade minimum average of 0.20 gpt or 1.0 gpt as indicated in "Au Cut-off" column of Summary Tables. Maximum internal waste included in any reported composite interval is 3.00 m. The 1.00 gpt Au cut-off is used to define higher-grade "cores" within the lower-grade halo.

**News releases with supporting technical data**

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

- "PRIME EXTENDS MINERALIZATION BEYOND LOS REYES RESOURCE PIT AT CENTRAL AREA" dated July 11, 2023.
- "PRIME RELEASES HIGH-GRADE DRILL RESULTS FROM TWO NEW GENERATIVE TARGETS AT LOS REYES" dated September 6, 2023.
- "PRIME ANNOUNCES EXPANSION DRILLING RESULTS FROM THE Z-T, GUADALUPE AND CENTRAL ZONES AT LOS REYES" dated September 12, 2023.
- "PRIME ANNOUNCES FURTHER EXPANSION DRILLING RESULTS FROM THE Z-T AREA AT LOS REYES" dated November 8, 2023.

**Drilling summary**

	Three months ended			
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Drill holes complete	35	44	52	58
Drilling metres	11,768	14,201	15,712	14,895

  

	Three months ended			Two months ended
	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
Drill holes complete	48	84	76	35
Drilling metres	13,241	24,642	22,587	9,828

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**Expenditures**

Project expenditures during the three and nine months ended September 30, 2023 and 2022, are summarized as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Drilling	\$ 1,758,478	\$ 1,891,276	\$ 5,905,759	\$ 7,533,488
Salaries and personnel	777,409	806,328	2,437,622	2,251,030
Resource assaying, estimation and technical services	683,029	596,054	1,602,763	2,279,225
Equipment and field supplies	317,193	289,893	1,097,202	1,273,716
Land payments and maintenance	154,270	81,790	416,128	219,092
General and administrative	152,759	91,839	410,621	187,532
	\$ 3,843,138	\$ 3,757,180	\$ 11,870,095	\$ 13,744,083

**Review of expenditures for Q3 2023 compared to Q3 2022**

Drilling decreased to \$1,758,478 compared to \$1,891,276 during the prior period. The 2023 exploration program has drilled fewer meters than the Phase 2 exploration program reducing expenditures. Further, there have been fewer drill rigs at site reducing quarterly costs.

Salaries and personnel decreased to \$777,409 compared to \$806,328 during the prior period. Minor reduction in expenditures as a result of changes in exploration staffing levels.

Resource and estimation and technical services increased to \$683,029 compared to \$596,054 during the prior period. The increase is a result of more assays being completed per metre drilled compared to the prior period. Additionally, expenditures were incurred on the metallurgical program.

Equipment and field supplies increased to \$317,193 compared to \$289,893 during the prior period. The increase is due to general cost increases for supplies and result of local foreign currency appreciation.

General and administrative expenditures relate primarily to local consulting, accounting, and legal support. Additionally, salaries are included related to Minera Amari corporate personnel. The expenditures increased to \$152,759. The increase is the result of an additional employee and increased travel to the site. Additionally, there have been increased legal and consulting expenses as a result of the mining law changes in Mexico and work with the Ejido.

**Review of expenditures for YTD 2023 compared to YTD 2022**

Drilling decreased to \$5,905,759 compared to \$7,533,488 during the prior period. The 2023 exploration program has drilled fewer meters than the Phase 2 exploration program reducing expenditures. Further, there are fewer drill rigs at site reducing quarterly costs.

Salaries and personnel increased to \$2,437,622 compared to \$2,251,030 during the prior period. Additional employees and salary adjustments have led to increased expenditures during YTD 2023.

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Resource and estimation and technical services decreased to \$1,602,763 compared to \$2,279,225 during the prior period. As a result of fewer meters drilled during the 2023 exploration program assaying expenditures have decreased.

Equipment and field supplies decreased to \$1,097,202 compared to \$1,273,716 during the prior period. The decrease is due to decreased activities at the Los Reyes Project. Additionally, reduced field supplies, such as core boxes, were required as a result of decreased meters drilled.

Land payments and maintenance increased to \$416,128 compared to \$219,092 during the prior period. Property concession payments have remained consistent with the prior period. The increase is due to increased road works and additional land access payments to Ejido members.

General and administrative expenditures relate primarily to local consulting, accounting, and legal support. Additionally, salaries are included related to Minera Amari corporate personnel. The expenditures increased to \$410,621. The increase is the result of an additional employee and increased travel to the site. Additionally, there have been increased legal and consulting expenses as a result of the mining law changes in Mexico and work with the Ejido.

**Aggregate Los Reyes Project expenditures**

Project expenditures since acquisition, are summarized as follows:

	<b>Total</b>
Drilling	<b>\$ 20,867,717</b>
Salaries and personnel	<b>9,063,938</b>
Resource assaying, estimation, and technical services	<b>6,458,149</b>
Equipment and field supplies	<b>3,746,756</b>
Land payments and maintenance	<b>1,125,167</b>
General and administrative	<b>1,241,407</b>
	<b>\$ 42,503,134</b>

**Resource estimate**

In August 2019, Prime initiated a major surface mapping, outcrop trenching, and chip sampling program over eight known gold-silver deposits at Los Reyes. On April 2, 2020, Prime announced an updated pit constrained mineral resource estimate ("MRE") prepared by Stantec Consulting Ltd. ("Stantec") for the Los Reyes Project. The pit constrained MRE (at 0.22 g/t Au cut-off) comprised 19.8 million tonnes Measured and Indicated resources (633,000 ounces contained Au at 1.00 g/t and 16.6 million ounces contained Ag at 26.2 g/t) and an additional 7.1 million tonnes (179,000 ounces contained Au at 0.78 g/t and 6.8 million ounces contained Ag at 29.9 g/t) of Inferred material. The 2020 MRE estimate increased the total mineralized 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 Au increased by 44% from 380,300 ounces to 546,000 ounces, while inferred Au decreased by 7%, from 155,200 ounces to 144,000 ounces. Measured and Indicated Ag increased by 100% from 6,315,300 ounces to 12,912,000 ounces and inferred Ag increased by 50% from 3,639,000 to 5,456,000 ounces.



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Refer to "Stantec, Technical Report, Los Reyes Property, Sinaloa, Mexico, report date April 2, 2020", dated effective March 24, 2020 and published on SEDAR for complete details regarding the MRE.

In May 2023, the Company reported its first Prime drilling MRE based on the addition of Prime's more than 100,000 m of core (90%) and RC (10%) drilling. The new 2023 pit constrained MRE (at 0.22 g/t Au cut-off) comprised 27.2 million tonnes Measured and Indicated resources (1,013,000 ounces contained Au at 1.16 g/t and 35.26 million ounces contained Ag at 40.4 g/t) and an additional 18.1 million tonnes (497,000 ounces contained Au at 0.85 g/t and 18.33 million ounces contained Ag at 31.5 g/t) of Inferred material. The 2023 MRE estimate again increased the total mineralized material and upgraded the material to higher estimation categories.

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

This MRE was completed under the supervision of John Sims, a member of the American Institute of Professional Geologists since 2004, an 'Independent Qualified Person' as defined by NI 43-101 guidelines, with over 35 years of related experience. Prime filed a NI 43-101 compliant updated Technical Report in support of this resource update on June 13, 2023.

**Corporate****Annual general meeting**

During July 2023, the Company held the annual general meeting which resulted in the election of all the directors listed as nominees in management's information circular dated June 9, 2023, as well as the approval of all matters presented.

**Directors**

During August 2023, Mr. Kerry Sparkes was appointed, and Mr. Paul Larkin resigned as a director of the Company.

**Grant of incentive securities**

During September 2023, the Company granted incentive securities, as follows:

- Stock options were granted to purchase up to 200,000 common shares at a price of \$1.08 per share. The stock options granted have a five-year life and vest one-third six months from the date of grant, one-third 12 months from the grant date and one-third 18 months from the grant date.
- Deferred share units ("DSUs") were granted to purchase 64,795 common shares. The DSUs were granted to a director and will vest after twelve months.

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**OUTLOOK**

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**2023 - Principal Exploration Objectives**

The 2023 drill program has commenced January 1<sup>st</sup> and will continue throughout fiscal 2023. There are now six core rigs at site.

The principal exploration objectives for 2023 are as follows:

1. Continue to expand gold-silver resources along the three main corridors of known open-pit mineralization, following up on previously reported high-grade areas:
  - o Guadalupe Structure – drilling will target new areas of bonanza-grade mineralization, including significant step-out drill holes to the southeast;
  - o Z-T Structure – will be drilled along strike and to expand higher-grade areas to depth; and,
  - o Central Zone Structure – will test the individual deposits to expand them to collectively form larger pits as well as to assess the depth potential in this under-explored area.
2. Complete first pass testing of newly developed targets:
  - o Last year's technical program led to the development of several high potential targets within an approximate 5 km radius of the main mineralized corridors at Los Reyes;
  - o Drill testing will include high priority targets Las Primas, Fresnillo, El Tule, Mariposa, Mina and others including the two parallel El Orito trends: and,
3. Continue surface mapping and sampling:
  - o Previous prospecting, mapping, and sampling that led to the development of new targets will continue in 2023.

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**QUARTERLY RESULTS**

	Three months ended			
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Loss for the period	\$ (5,235,461)	\$ (5,714,118)	\$ (5,995,467)	\$ (6,378,755)
Loss per share – basic and diluted	(0.04)	(0.04)	(0.05)	(0.06)
Total assets	53,352,971	57,756,010	33,829,051	38,105,206
Total non-current liabilities	851,979	846,486	872,751	883,021
Cash balance	39,231,792	43,669,878	19,240,951	23,811,434
Working capital	\$ 38,434,520	\$ 43,109,164	\$ 18,692,657	\$ 22,853,882

	Three months ended			Two months ended
	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
Loss for the period	\$ (5,891,219)	\$ (7,063,916)	\$ (8,038,370)	\$ (4,650,295)
Loss per share – basic and diluted	(0.05)	(0.06)	(0.07)	(0.04)
Total assets	23,648,743	28,552,940	35,954,314	41,785,376
Total non-current liabilities	901,420	864,379	1,096,245	1,098,326
Cash balance	9,344,844	14,441,284	21,535,820	27,413,707
Working capital	\$ 8,732,247	\$ 13,690,114	\$ 20,335,912	\$ 26,232,817

**Review of Consolidated Financial Information for Q3 2023 compared to Q3 2022**

Loss for the Company was \$5,235,461 (\$0.04 per share) compared to \$5,891,219 (\$0.05 per share) during Q3 2022, as a result of the following factors:

**Corporate and administrative expense**

Corporate and administrative expenses decreased to \$1,445,023 compared to \$1,792,978 during Q3 2022. The significant cash components of these expenses include salaries and personnel, consulting and professional fees and investor relations.

Salaries and personnel increased to \$414,567 compared to \$334,154 during Q3 2022, as a result of adjustments to senior management salaries and additions to the senior management group.

Consulting and professional fees include legal, accounting, capital and strategic advisors, increased to \$214,558 compared to \$172,475 during Q3 2022, as a result of additional financial advisory firm fees.

Investor relations expenses includes news releases, communications programs, and participation at conferences. The expense increased to \$163,767 compared to \$111,720 during Q3 2022. During Q3 2023, activities continued to increase as a result of new management reviewing and enhancing investor relation programs.

The significant non-cash component of these expenses includes share-based compensation, which was \$537,301 compared to \$1,039,497 during Q3 2022. The decrease is a result of less vesting value of granted options, as options remaining to vest had less fair value per option. This decrease was offset by RSU and DSU expense of \$92,541 and \$147,998, respectively, related to the granting and vesting of units during Q3 2023.

## **PRIME MINING CORP.**

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### **Exploration and evaluation**

Exploration and evaluation expense was \$3,843,138 compared to \$3,757,180 during Q3 2022. The Company increased exploration activities at the Los Reyes Project. Refer to the *Highlights and Key Developments* section above.

### **Value added tax provision**

Value added tax provision decreased to \$465,999 compared to \$631,240 as a result of project expenditures and foreign exchange adjustments.

### **Foreign exchange**

Foreign exchange represents changes in the value of monetary assets and liabilities denominated in foreign currencies. During the current quarter, the Company incurred unrealized foreign exchange gains related to the VAT receivable.

### **Review of Consolidated Financial Information YTD 2023 compared to YTD 2022**

Loss for the Company was \$16,945,046 (\$0.12 per share) compared to \$20,993,505 (\$0.19 per share) during YTD 2022, as a result of the following factors:

#### **Corporate and administrative expense**

Corporate and administrative expenses decreased to \$4,547,620 compared to \$5,452,246 during YTD 2022. The significant cash components of these expenses include salaries and personnel, consulting and professional fees and investor relations.

Salaries and personnel increased to \$1,194,472 compared to \$964,920 during YTD 2022, as a result of adjustments to senior management salaries and additions to the senior management group.

Consulting and professional fees include legal, accounting, capital and strategic advisors increased to \$540,085 compared to \$377,675 during YTD 2022, as a result of additional financial advisory firm fees.

Investor relations expenses includes news releases, communications programs, and participation at conferences. The expense increased to \$494,456 compared to \$229,700 during YTD 2022. During YTD 2023, activities continued to increase as a result of new management reviewing and enhancing investor relation programs.

The significant non-cash component of these expenses includes share-based compensation, which was \$1,971,021 compared to \$3,468,216 during YTD 2022. The decrease is a result of granting 900,000 share options at a weighted average grant-date fair value of \$1.02 compared to 1,275,000 share options at a weighted average grant-date fair value of \$1.72. Additionally, the Company incurred RSU and DSU expense of \$340,903 and \$367,534, respectively, related to the granting and vesting of units during YTD 2023.

### **Exploration and evaluation**

Exploration and evaluation expense was \$11,870,095 compared to \$13,744,083 during YTD 2022. The Company decreased exploration activities at the Los Reyes Project. Refer to the *Highlights and Key Developments* section above.

### **Value added tax provision**

Value added tax provision decreased to \$2,093,929 compared to \$2,109,789 as a result of project expenditures and foreign exchange adjustments. The Mexican peso has appreciated substantially during the period resulting in an increased provision on the Mexican peso denominated VAT.

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**Foreign exchange**

Foreign exchange represents changes in the value of monetary assets and liabilities denominated in foreign currencies. During the current quarter, the Company incurred unrealized foreign exchange gains related to the VAT receivable.

**Significant Quarterly Variations**

- Two months ended December 31, 2021 - The Company incurred additional share-based compensation expense of \$1,290,232 related to the granting and vesting of options. Additionally, exploration and evaluation expenses of \$2,540,714 were incurred at the Los Reyes Project including related VAT.
- Quarter ended March 31, 2022 - The Company incurred additional share-based compensation expense of \$2,061,986 related to the granting and vesting of options. Additionally, exploration and evaluation expenses of \$5,307,662 were incurred at the Los Reyes Project including related VAT.
- Quarter ended June 30, 2022 - The Company incurred additional salaries and personnel expense of \$315,261 related to normal operations. Additionally, exploration and evaluation expenses of \$6,157,790 were incurred at the Los Reyes Project including related VAT.
- Quarter ended September 30, 2022 - The Company incurred additional salaries and personnel expense of \$334,154 related to normal operations. There was share-based compensation expense of \$1,039,497. Additionally, exploration and evaluation expenses of \$3,757,180 were incurred at the Los Reyes Project.
- Quarter ended December 31, 2022 - The Company incurred additional salaries and personnel expense of \$815,494 which included senior management bonuses. There was share-based compensation expense of \$675,100. Additionally, exploration and evaluation expenses of \$3,988,322 were incurred at the Los Reyes Project.
- Quarter ended March 31, 2023 - The Company incurred additional salaries and personnel expense of \$380,301 related to normal operations. There was share-based compensation expense of \$752,057. Additionally, exploration and evaluation expenses of \$3,987,651 were incurred at the Los Reyes Project. A value added tax provision of \$920,008 further increased the loss for the period.
- Quarter ended June 30, 2023 - The Company incurred additional salaries and personnel expense of \$399,604 related to normal operations. There was share-based compensation expense of \$681,663. Additionally, exploration and evaluation expenses of \$4,039,306 were incurred at the Los Reyes Project. A value added tax provision of \$707,922 further increased the loss for the period.
- Quarter ended September 30, 2023 - The Company incurred additional salaries and personnel expense of \$414,567 related to normal operations. There was share-based compensation expense of \$537,301. Additionally, exploration and evaluation expenses of \$3,848,138 were incurred at the Los Reyes Project. A value added tax provision of \$465,999 further increased the loss for the period.

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**Cash flows**

	September 30, 2023	Nine months ended September 30, 2022
Cash used in operating activities	\$ (15,946,581)	\$ (18,008,030)
Cash provided by financing activities	30,221,513	95,716
Cash provided by (used in) investing activities	1,145,426	(156,549)
<b>Increase (decrease) in cash</b>	<b>15,420,358</b>	<b>(18,068,863)</b>
<b>Cash, beginning of period</b>	<b>23,811,434</b>	<b>27,413,707</b>
<b>Cash, end of period</b>	<b>\$ 39,231,792</b>	<b>\$ 9,344,844</b>

**Operating activities**

During YTD 2023, salaries and personnel expenditures of \$1,194,472 were incurred by the Company which is a significant portion of the operating expenditures. There were office rent and administrative expenditures of \$347,586. Investor relations expenditures of \$494,456 were also incurred. Additional expenditures of \$11,870,095 were incurred relating to Los Reyes Project. The Company incurred VAT expenditures of \$2,093,929.

During YTD 2022, salaries and personnel expenditures of \$964,920 were incurred by the Company which is a significant portion of the operating expenditures. There was office rent and administrative expenditures of \$411,735. Investor relations expenditures of \$229,700 were also incurred. Additional expenditures of \$13,744,083 were incurred relating to Los Reyes Project. The Company incurred VAT expenditures of \$2,109,789.

**Financing activities**

During YTD 2023, the Company accelerated the exercise of the \$2.00 warrants and issued 14,025,410 common shares for gross proceeds of \$28,050,820, 4,590 warrants expired without being exercised.

Additionally, the Company issued 1,836,319 common shares for gross proceeds of \$2,019,951 upon exercise of warrants.

During YTD 2022, the Company issued 127,500 common shares for gross proceeds of \$140,250 upon exercise of warrants.

**Investing activities**

During YTD 2023, the Company received interest of \$1,152,378.

During YTD 2022, the Company purchased equipment totaling \$275,476.

**LIQUIDITY AND CAPITAL RESOURCES**

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with its financial liabilities and other contractual obligations.

The Company is a mineral exploration company and currently has no operating income or positive operating cash flows. The Company depends upon share issuances and property option agreements to fund its exploration activities and administrative expenses.

Factors that may affect the Company's liquidity are continuously monitored. These factors include the market price of gold, operating costs, exploration expenditures, the timing of VAT recoveries, foreign currency fluctuations, health and safety risks, and risks and uncertainties (refer to *Risks and Uncertainties* section).

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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 September 30, 2023, the Company had working capital of \$38,434,520 including cash of \$39,231,792, compared to a working capital of \$22,853,882 at December 31, 2022. Accounts payable and accruals decreased to \$959,878 compared to \$1,173,290, at December 31, 2022, due to payment of senior management bonus during Q1 2023. The long-term payable of \$755,255 requires payment when the value added tax receivable of \$839,172 is refunded.

At September 30, 2023, the Company has the following capital resource commitments:

- The Company must undertake exploration and make cash progress payments to maintain its exploration property rights.
- The Company is committed to make payments under property and equipment leases totalling \$158,449 through 2027.

**RELATED PARTY TRANSACTIONS**

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

Key management compensation includes:

	<b>Nine months ended</b>	
	<b>September 30,</b>	<b>September 30,</b>
	<b>2023</b>	<b>2022</b>
Salaries, personnel and benefits	\$ 1,061,138	\$ 922,028
Directors fees	206,403	199,935
Consulting fees	51,423	50,386
Share-based compensation	1,672,995	2,083,985
	<b>\$ 2,991,959</b>	<b>\$ 3,256,334</b>

Trade payables and accruals include \$14,633 (December 31, 2022 - \$268,327) owed to directors and officers of the Company.

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**OUTSTANDING SHARE DATA**

At November 14, 2023, the Company had the following equity securities outstanding:

	<b>Authorized</b>	<b>Outstanding</b>
Equity securities – voting	Unlimited common shares	143,362,805 common shares
Stock options – convertible to voting common shares	Stock options to acquire up to 10% of the outstanding common shares Restricted share units to acquire up to 10% of the outstanding common shares less any common shares reserved for issuance under any other share-based compensation arrangements.	Stock options to acquire 11,260,000 common shares
Restricted share units – convertible to voting common shares	Deferred share units to acquire up to 10% of the outstanding common shares less any common shares reserved for issuance under any other share-based compensation arrangements.	Restricted share units to acquire 266,667 common shares
Deferred share units – convertible to voting common shares	Deferred share units to acquire up to 10% of the outstanding common shares less any common shares reserved for issuance under any other share-based compensation arrangements.	Deferred share units to acquire 372,634 common shares
Warrants convertible to voting common shares		Warrants to acquire 22,596,344 common shares

**SIGNIFICANT ACCOUNTING POLICIES**

The condensed interim consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"), effective as of September 30, 2023. The Company's significant accounting policies are described in note 3 of the Company's annual financial statements.

**CHANGES IN ACCOUNTING POLICIES**

The accounting policies applied in the preparation of the Company's condensed interim consolidated financial statements for the three and nine months ended September 30, 2023 and 2022, 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, VAT receivables, trade payables and accruals, long-term payable 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.



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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 11 of the interim financial statements.

**OFF-BALANCE SHEET ARRANGEMENTS**

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

**PROPOSED TRANSACTIONS**

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At September 30, 2023, and the date hereof, the Company had no proposed transaction.

**RISKS AND UNCERTAINTIES**

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For a detailed listing of the risk factors faced by the Company, please refer to the Company's Annual Information Form for the year ended December 31, 2022, dated August 21, 2023.

**Mining Law Reform**

On May 8, 2023, the Mexican Congress instituted a number of changes to the Mexican mining law and mining regulations, including the process by which mining concessions are granted, the term and scope of mining concessions, the legal nature of mining activities and the ability to transfer title to mining concessions. Proceedings challenging the constitutionality of the reforms have been initiated, although the potential outcome of these proceedings cannot be determined at this time. In the event the reforms remain in place, as enacted, they could impact the timeline and the process by which development is advanced at the Los Reyes Project.

**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

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This MD&A includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results could differ materially from any estimates, forecasts, predictions, projections, assumptions, or other future performance suggested herein.

Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. These statements do not take into account the effect of transactions or other items announced or occurring after the statements are made. Forward-looking statements are based upon a number of expectations and assumptions and are subject to certain risks and uncertainties, many of which are beyond our control, that could cause actual results to differ materially from those that are disclosed in or implied by such statements.

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These forward-looking statements may include but are not limited to statements concerning:

- The Company's success at completing future financings;
- The Company's strategies and objectives;
- The completion of further exploration and development activity at the Los Reyes Project;
- General business and economic conditions;
- General political climate; and
- The Company's ability to meet its financial obligations as they become due.

Although the Company believes that the assumptions and expectations reflected in such forward-looking statements are reasonable, we can give no assurance that these assumptions and expectations will prove to be correct, and since forward-looking statements inherently involve risks and uncertainties, undue reliance should not be placed on such statements. Events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied, by these forward-looking statements. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, investors in securities of the Company should not place undue reliance on these forward-looking statements.

**QUALIFIED PERSON**

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Scientific and technical information contained in this MD&A was reviewed and approved by the Company's EVP, Exploration, Scott Smith, P. Geo, a "qualified person" as defined by National Instrument 43-101 - Standards of Disclosure for Mineral Projects.