

PRIME MERIDIAN RESOURCES CORP.

Management's Discussion & Analysis

For the Year Ended December 31, 2017

This management's discussion and analysis of Prime Meridian Resources Corp. (the "Company") contains analysis of the Company's operational and financial results for the year ended December 31, 2017 and 2016. The following should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2017. All figures are in Canadian dollars unless otherwise stated.

DATE OF REPORT

April 30, 2018

JURISDICTION OF INCORPORATION AND CORPORATE NAME

Prime Meridian Resources Corp. ("the Company" or "PMR") was federally incorporated on February 22, 2007 and is a public company listed on the TSX Venture Exchange ("TSX-V"). The corporate head office of the Company is located at 14th Floor, 1040 West Georgia Street, Vancouver, B.C., V6E 4H8. In August 2016, the Company's shares were halted from trading and the Company is currently in the process of resuming trading upon successful completion of a change in business and financing transaction.

In September 2016, the Company announced a change of business transaction focused on the acquisition of financing of companies in the agriculture and agriculture technology sectors in USA and South Africa. In March 2018, the Company terminated this proposed change of business and is currently pursuing other business opportunities.

HIGHLIGHTS

On September 26, 2016, the Company announced it entered into a change of business ("COB") focusing on the acquisition and financing of companies in the agriculture and agriculture technology sectors. The Company planned a minimum \$7.5-million (US) financing via a convertible facility to provide investment and working capital, and to satisfy the minimum listing requirements of the TSX-V for a Tier 2 Investment issuer. The Company planned to complete an interim loan (exchangeable to the above convertible facility) for up to \$750,000 (US) to provide financing for refundable down payments, investment banking work fees, due diligence expenditures and working capital for the interim period to the closing of the COB transaction.

The COB transaction was terminated in March 2018. The COB loans advanced for the development of the agriculture assets in South Africa totalled \$250,000 (U.S.) and the company is expecting to receive a repayment of \$100,000 (U.S.) shortly. Loans advanced for the development of GrowBuddy totalled \$275,000 (U.S.) and the company will receive full repayment plus interest. A first instalment of \$52,100 (U.S.) has been received. The Company took down non-related-party loans totalling \$525,000 (U.S.) for interim financing of the COB transaction and those loans will be paid back in cash from the repayment of the COB loans advanced and/or converted/paid out from the company's current private placement.

On March 13, 2018, the Company announced has established a new partnership with Kometa Technology LLC to pursue opportunities for the development of gold resources in Central Asia. Headed up by internationally experienced management, Kometa plans to use the latest technologies in metal extraction to optimize gold recovery from mining waste and brownfield operations. The management of Kometa comes with a history of excellence in developing projects, operational efficiencies, environmental responsibility, community relations and operational safety.

In conjunction with the cancellation of COB transaction and pursuit of precious metals projects, the Company plans to conduct a non-brokered private placement financing of up to 10 million shares at a price of \$0.10 per share to raise proceeds of up to \$1-million.

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On April 20, 2018, the Company announced it increased the planned private placement from \$1-million to \$1.5-million.

OUTLOOK

The Company is completing a non-brokered private placement financing of up to 15 million shares at a price of \$0.10 per share to raise proceeds of up to \$1.5 million and is encouraged with certain resource projects currently under review.

SUBSEQUENT EVENTS

- a. On March 13, 2018, the Company terminated the COB transaction entered into on September 26, 2016. The Company will be conducting a non-brokered private placement financing of up to 10 million shares at a price of 10 cents per share to raise proceeds of up to \$1-million to repay loans and move forward with its resource-focused business plan.
- b. On March 13, 2018, the Company terminated its change of business transaction which was focused on developing agriculture assets in South Africa and in USA. Growbuddy Investment returned USD\$52,100 (CAD\$65,359) to the Company as part of advances made relating to the previous change of business. A total of US\$275,000 was advanced to Growbuddy, Inc. of which US\$52,100 was received.
- c. On March 13, 2018, the Company agreed with Avinier (Pty) Ltd., Africian Guar Gum Corp. and APV Joint Venture to settle loans totaling US\$250,000 for US\$100,000.
- d. On April 20, 2018, the Company announced it will be increasing the private placement from \$1-million to \$1.5-million.

SELECTED ANNUAL FINANCIAL INFORMATION

The financial data presented below for the current and comparative periods was prepared in accordance with IFRS. The functional and reporting currencies of the parent and subsidiary have been determined to be the Canadian dollar.

Results of Operations

The following financial data are derived from our consolidated financial statements for the years ended December 31, 2017, 2016 and 2015:

	December 31, 2017	December 31, 2016	December 31, 2015
Revenues	\$ -	\$ -	\$ -
Expenses	774,618	537,279	446,735
Other expenses (income)	(646,934)	(516)	34,174
Net loss	1,421,552	536,763	480,909
Comprehensive loss	1,386,734	516,972	586,936
Basic and diluted loss per share	0.07	0.03	0.03
Total current assets	8,773	89,733	37,009
Total assets	74,132	363,606	37,009
Total current liabilities	3,150,204	2,052,944	1,227,875
Total liabilities	3,150,204	2,052,944	1,227,875

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The Company's expenses have been increasing over the past three years as the Company began re-structuring its balance sheet in 2014, cultivating with our change of business transaction in 2016, 2017 and subsequent to 2017 (see Highlights). The majority of our expenses, in fiscal 2017, are: consulting and management fees \$380,819 (2016 - \$286,500), rent and administrative services \$146,442 (2016 - \$120,279), professional fees \$42,823 (2016 \$79,164) and interest expense \$227,405 (2016 - \$29,151).

Summary of quarterly reports

	Dec. 31, 2017	Sep. 30, 2017	June 30, 2017	March 31, 2017
Expenses	\$ 203,766	\$ 146,123	\$ 243,876	\$ 180,853
Other (income) expenses	(657,794)	(4)	1,391	9,473
Net loss	(1,421,552)	(146,119)	(245,267)	(171,380)
Comprehensive loss	(1,386,734)	(114,596)	(227,992)	(166,810)
Basic and diluted loss per share	(0.04)	(0.01)	(0.01)	(0.01)
Total current assets	8,773	19,875	50,496	35,275
Total assets	74,132	751,364	718,272	586,583
Total current liabilities	3,150,204	2,950,100	2,802,412	2,442,731
Total liabilities	3,150,204	2,950,100	2,802,412	2,442,731

	Dec. 31, 2016	Sep. 30, 2016	June 30, 2016	March 31, 2016
Expenses	\$ 239,142	\$ 94,240	\$ 101,245	\$ 102,652
Other (income) expenses	24,750	(266)	(25,000)	-
Net loss	(263,892)	(93,974)	(76,245)	(102,652)
Comprehensive loss	(516,972)	(101,320)	(36,017)	(48,524)
Basic and diluted loss per share	(0.03)	(0.00)	(0.00)	(0.00)
Total current assets	89,733	13,250	8,246	46,881
Total assets	363,606	13,250	8,246	46,881
Total current liabilities	2,052,944	1,372,477	1,265,333	1,207,771
Total liabilities	2,052,944	1,372,477	1,265,333	1,207,771

The Company had an increase in expenses in the past two quarters due costs incurred for the change of business transaction.

LIQUIDITY AND CAPITAL RESOURCES

	December 31, 2017	December 31, 2016
Current assets	\$ 8,773	\$ 89,733
Current liabilities	3,150,204	2,052,944
Shareholders' deficiency	(3,076,072)	(1,689,338)
Working capital deficiency	(3,141,431)	(1,963,211)

As at December 31, 2017, the Company had cash of \$1,773 (December 31, 2016 - \$69,647) and negative working capital of \$3,141,431 (December 31, 2016 - \$1,963,211). As at December 31, 2017, the Company has received \$658,613 (December 31, 2016 - \$402,810) in loans from non-related parties. The Company's capital requirements heavily upon the capital markets to finance its activities. There can be no assurance the Company will be able to obtain required financing in the future on terms acceptable to the Company.

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Share Capital

Authorized: unlimited common voting shares, without par value.

No common shares were issued during the year ended December 31, 2017.

Stock options

The Company has adopted an incentive stock option plan (the "SOP"), as amended, under the rules of the TSX-V pursuant to which it is authorized to grant options to executive officers, directors, employees and consultants, enabling them to acquire up to 20% of the issued and outstanding common shares of the Company. Under the SOP, the option exercise price of any option granted shall be equal to the greater of either the amount designated by the administrator at the time of grant, or the discounted market price of the Company's common shares for the 10 trading days immediately preceding the day on which the TSX-V received notice that options have been granted under this SOP. For the purpose of the SOP, the discounted market price is calculated in accordance with the policies of the TSX-V at the time of grant of the options. The administrator may also determine that the option exercise price per common share may escalate at a specified rate or rates. The options can be granted for a maximum term of 5 years and vest immediately. No individual may hold options to purchase common shares of the Company exceeding 5% of the total number of common shares outstanding from time to time. Pursuant to the policies of the TSX Venture Exchange, shares issued upon the exercise of options are restricted from trading during the 4 month period subsequent to the exercise of the options. For stock options granted to employees, officers, directors and consultants, the Company recognizes stock based compensation expense based on the estimated fair value of the stock options granted as calculated using the Black-Scholes option-pricing model on the date of the grant.

No stock options were issued by the Company during the year ended December 31, 2017 or 2016, and no stock options are outstanding as at December 31, 2017 or 2016.

Warrants

No warrants were issued during the year period ended December 31, 2017.

During the year ended December 31, 2016, the Company issued 885,000 warrants in a private placement. The warrants are exercisable at a price for \$0.25 per warrant until January 6, 2017 when the exercise price increases to \$0.50 per warrant. The warrants expired on July 5, 2017.

A summary of changes in warrants outstanding during the period is as follows:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2015	-	-
Issued	885,000	0.50
Expired	(885,000)	0.50
Balance, December 31, 2016 and December 31, 2017	-	\$ -

COMMITMENTS

The Company does not have any significant commitments, other than those discussed above under exploration and evaluation assets.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have material off-balance sheet arrangements.

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RELATED PARTIES AND KEY MANAGEMENT COMPENSATION

Key management compensation

The Company entered into transactions, including compensation of key management, with the following related parties:

Name	Relationship	Nature of Transaction	Fees incurred period ended December 31, 2017	Fees incurred period ended December 31, 2016	Balance payable at December 31, 2017	Balance payable at December 31, 2016
Nexvu Services Inc.	Owned by Nexvu Capital, of which Brian Leeners is a shareholder	Rent and corporate services	\$ 120,000	\$ 120,000	\$ 352,375 ⁽²⁾	\$ 184,875
Brian Leeners	Chief executive officer and director	Management services	120,000	120,000	351,800	226,400
ISG Professional Services Inc.	Annie Storey, former chief financial officer, who is a shareholder	Accounting services	10,500	10,000	95,288	84,788
Global Link Capital	Greg Pearson, director of the Company, is a shareholder	Management services	120,000	120,000	321,125	195,725
Gordorn J. Fretwell, Law Corporation	Gordon Fretwell is a shareholder of Nexvu Capital Corporation		15,193	46,999	87,692	68,585
Avanti Management & Consulting Ltd.	Michael Dehn is a shareholder	Rent and management services	-	-	31,540	31,540
Primrose Drilling Ventures Ltd. (Primrose)	Alice D. Gardner, former director, is a 25% shareholder of 1280417 Alberta Ltd., which is 100% shareholder of Primrose		-	-	640,899 ⁽¹⁾	685,958
AE Financial Management Ltd.	Edward Low, chief financial officer, is a shareholder	Accounting services	42,000	35,000	77,525	35,000
			\$ 417,193	\$ 451,999	\$ 1,947,744	\$ 1,512,871

(1) The payable to Primrose is US\$510,880.

(2) Includes loans from Nexvu Services Inc.

Balances owing are due on demand, unsecured, non-interest bearing and have no specified terms of repayment.

As at December 31, 2016, the Company owed to Phoenix Metals Corporation ("Phoenix"), a company with officers and directors in common, \$25,000 which bore no interest and was payable on demand. During the year ended

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December 31, 2017, this advance was forgiven and as a result, the Company recognized a gain on settlement of debt for \$25,000.

As at December 31, 2017, the Company owed to Nexvu Capital Corp. \$305,600 (2016 - \$57,176) for advance which bears no interest and is payable on demand.

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed consolidated interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Information about critical judgments and estimates in applying accounting policies that have most significant effect on the amounts recognized in the condensed consolidated interim financial statements are as follows:

- Going concern;
- Asset carrying values and impairment charges;
- Recoverability of advances receivable;
- Income taxes and recoverability of potential deferred tax assets; and

NEW ACCOUNTING STANDARDS

For information on the Company's accounting policies and new accounting pronouncements, please refer to our disclosure in our Condensed Consolidated Financial Statements for the twelve-month period ended December 31, 2017.

CAPITAL MANAGEMENT AND FINANCIAL RISK FACTORS

The Company's objectives when managing capital are to:

- Ensure there are adequate capital resources to manage the Company's ability to continue as a going concern;
- Maintain adequate levels of funding to sustain the required current investments and any new capital investments;
- Maintain investor, creditor and market confidence to sustain future development of the business; and
- Provide returns to shareholders and benefits for other stakeholders.

The Company classifies its share capital and contributed surplus as capital, which at December 31, 2017 totalled \$9,259,833 (December 31, 2016 - \$9,259,833). The Board of Directors does not establish qualitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company will continue to assess new investments and seek to acquire an interest in investments if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

Details of the Company's financial instruments, management's assessment of their related risks and details of management of those risks are as follows:

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Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, marketable securities, GST/HST receivable, reclamation bond, accounts payable and accrued liabilities, and payable to related parties.

The Company maintains cash deposits with financial institutions, which, from time to time, may exceed federally insured limits. The Company has not experienced any losses and believes it is not exposed to any significant credit risk from cash.

Financial instrument risk exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes. The Company does not have any asset backed commercial paper.

(i) Interest rate risk

Interest rate risk consists of the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's cash and cash equivalents consists primarily of cash held in bank accounts and loans payable are based on fixed interest rates. Therefore, fluctuation in market rates do not have a significant impact on estimated fair values as at December 31, 2017 and 2016.

(ii) Foreign currency risk

The Company is exposed to foreign currency risk to the extent expenditures incurred or funds received, and balances maintained by the Company are denominated in currencies other than the Canadian dollar including the US dollar and South African Rand. The Company had net monetary liabilities totaling \$479,250 in US dollars and net monetary liabilities of \$24,630 in South African Rand as at December 31, 2017. The Company's sensitivity analysis suggests that a change in the absolute rate of exchange in the US dollar by 2% would increase or decrease net income (loss) by \$12,025 and in the South African Rand by 2% would not significantly increase or decrease net income (loss) for the year ended December 31, 2017.

(iii) Credit risk

Credit risk is the risk of loss if counterparties do not fulfill their contractual obligations and arises principally from its receivables. The Company's credit risk is primarily attributable to advances receivables. The Company made advances to a number of companies in connection with its proposed change of business plans (Note 7). The carrying amount of advances receivable, net of any allowances, represents the Company's maximum exposure to credit risk.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk by maintaining cash. Liquidity requirements are managed based on expected cash flow to ensure there is capital to meet short term and long-term obligations. At December 31, 2017, the Company did not have sufficient cash on hand to pay its short-term creditors and does not generate cash from its operations. Accordingly, liquidity risk is considered high.

OTHER RISK FACTORS

The Company has applied to the TSX-Venture Exchange for its change of business to a Tier 2 Investment Issuer on the TSX Venture Exchange focused on the acquisition and financing of companies in the agriculture and agriculture technology sectors. These activities involve a high degree of risk which, even with a combination of experience,

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knowledge and careful evaluation, may not be overcome. Consequently, no assurance can be given that our investments will be successful.

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many common risks to new and developing enterprises, including undercapitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a positive return on shareholders' investment.

The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further exploration and development of its projects when required. Although the Company has been successful in the past in obtaining financing through the sale of equity securities and properties, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

A number of the Company's directors and officers serve or may agree to serve as directors or officers of other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of The Company may have a conflict of interest in negotiating and concluding terms respecting such participation. Further, certain of the directors and officers are involved in other copper exploration companies and other companies that are developing mines. As a result, conflicts of interest may arise and officers and directors cannot devote 100% of their time to the Company.

The Company has invested resources to document and analyze its system of internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

LEGAL MATTERS

The Company is not currently, and has not at any time during our most recently completed fiscal year, been party to, nor has any of its properties been the subject of, any material legal proceedings or regulatory actions.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for the design of the Company's internal controls over financial reporting ("ICFR") as required by National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"). ICFR is intended to provide reasonable assurance regarding the preparation and presentation of financial statements for external purposes in accordance with applicable generally accepted accounting principles. Internal control systems, no matter how well designed, have inherent limitations.

Based on a review of its internal control procedures at the end of the period covered by this MD&A, management has determined that the Company's internal controls over financial reporting have been effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. There were no changes in the Company's internal controls over financial reporting that occurred during the period that have materially affected, or are reasonably likely to affect, our internal control over financial reporting.

However, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement and preparation. A control system, no matter how well conceived or operated can provide only reasonable, not absolute, assurance and are not expected to prevent all errors and fraud.

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ADDITIONAL INFORMATION

Additional information about the Company is available at the website of the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

APPROVAL

The board of directors has approved the disclosure contained in this MD&A.

CAUTIONARY NOTES FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, information with respect to the Company's future business plans and strategy, exploration plans, and environmental protection requirements. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" (or "does not expect"), "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" (or "does not anticipate"), or "believes", and other similar words and phrases, or which states that certain actions, events, or results "may", "could", "might", or "will" occur. Forward-looking information is subject to known and unknown risks and uncertainties that may cause the actual results, or performance of the Company to be materially different from those expressed or implied by such forward-looking information. These risks and uncertainties include risk and uncertainties associated with the mining industry and the exploration and development of mineral projects, such as the uncertainty of exploration results, the volatility of commodity prices, potential changes in government regulation, the uncertainty of potential title claims against the Company's projects, and the uncertainty of predicting operating and capital costs. They also include risks and uncertainties that affect the business environment generally, such as international political or economic developments, changes in interest rates and the condition of financial markets, and changes in exchange rates.

Forward-looking information is based on assumptions and expectations which the Company considers to be reasonable, and which are based on management's experience and its perception of trends, current conditions, and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made. Although the Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable, undue reliance should not be placed on forward-looking information. The Company can give no assurance that forward-looking information, or the assumptions and expectations on which it is based, will prove to be correct. Prime Meridian Resources Corp. does not undertake to revise or update any forward-looking information, except in accordance with applicable laws. Readers should not place undue reliance on forward looking information.