

# PRIME MERIDIAN RESOURCES CORP.

## Management's Discussion & Analysis

For the Nine Months Ended September 30, 2022 and 2021

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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 nine months ended September 30, 2022 and 2021. The following should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2022. All figures are in Canadian dollars unless otherwise stated.

### DATE OF REPORT

November 28, 2022

### 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 ("TSXV"). The corporate head office of the Company is located at Suite 2110 – 650 West Georgia Street, Vancouver, British Columbia, V6B 4N9.

### CORPORATE HIGHLIGHTS

*Highlights of the Company's activities for nine months ended September 30, 2022, and up to the date of this report.*

On October 4, 2022, the Company and the Vendor have elected to modify the La Verde Project Purchase Option Agreement by changing the requirement for two US\$200,000 option payments due under the current Agreement to US\$20,000 minimum monthly payments

On September 7, 2022, the Company closed the private placement for total gross proceeds of \$340,000 by issuing 6,800,000 unites at a price of \$0.05 per unit. Each unit consists of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder to acquire one additional common share of the Company at a price \$0.10 per share for 3 years. In connection to the private placement, the Company paid cash finder's fee of \$21,600 and issued 532,000 broker warrants, exercisable at \$0.10 for 3 years commencing the date of issuance.

On July 22, 2022, the Company granted 6.5 million stock options to directors, officers, consultants, and advisors of the Company. The options have an exercise price of \$0.15 per share with an expiry of five years.

On June 27, 2022, the Company issued 500,000 common shares with a fair value of \$25,000, pursuant to the mineral interest in Dixie Lake.

For nine months ended September 30, 2022, 1,008,837 warrants were exercised at a price of \$0.15 for total proceeds of \$150,216, and 12,420,011 warrants at a price of \$0.15 expired.

On March 14, 2022, the Company signed an option-to-purchase agreement to purchase the La Verde Project in Sonora, Mexico. The agreement calls for:

- The Company to make a US\$200,000 cash payment to the optionor within 30 days of TSX Venture Exchange (TSXV) approval and an additional payment of US\$200,000 by February 28, 2023;
- The Company to issue 25 million common shares to the optionor within 30 days of TSXV approval;
- The Company to issue the optionor, a further \$3,750,000 of the Company's shares prior to the first anniversary of the TSXV approval, based on the ten-day volume-weighted average price ("VWAP") prior to the issuance subject to a minimum price of \$0.15 per share and a maximum price of \$0.63 per share;
- The Company will issue to the optionor a further \$2,500,000 common shares prior to the second anniversary of the TSXV approval based on the VWAP subject to a minimum price of \$0.15 per share and a

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maximum price of \$1.25 per share;

- Upon exercise of the option, the optionor will retain the following net smelter return royalty ("NSR") on the project: (i) a 2% NSR on all production from the skarn mineralization; and (ii) a 2% NSR on all the products from the porphyry mineralization subject to the right of the Company to purchase 1% for US\$1,000,000.
- The common shares issued to the optionor under the option will be subject to a three-year time-release hold period which will begin on the date of TSXV approval.
- On December 9, 2021, the trading of the Company's stock was halted on the TSXV pending TSXV review of the La Verde transaction. On May 20, 2022, the Company's stock resumed trading on TSXV.
- As at the date of this report, the agreement is under TSXV review.

### OUTLOOK

The Company will need additional funding for its corporate and overhead expenses in near future through either equity or debt financing. Many factors influence the Company's ability to raise funds, including the health of the capital market and the Company's track record. There is no guarantee that the Company will be able to secure additional financings in the future at terms that are favorable. Prime Meridian will continue its policy of minimizing general and administration and exploration expenditures to conserve cash and protect assets.

### PROJECTS

#### Bruce and Camping Lake Gold Projects, Ontario

On September 23, 2019, the Company entered into an option agreement with 15444230 Ontario Inc., pursuant to which the Company has an option to acquire two sets of mineral claims covering 4,250 acres in the Bruce Lake area and 6,250 acres in the Camping Lake area, both in the Red Lake mining district in Ontario. In consideration, the Company issued 400,000 shares and paid \$25,500 in the first year. Additional payments totalling \$61,000 are due over the following three years. The acquisition is subject to a 1.5% net smelter royalty, of which 0.75% can be purchased by the Company for \$500,000. Payments details are as follows:

- \$13,500 cash payment to the vendor on signing of the letter of intent (paid);
- Issuance of 200,000 common shares to the vendor on TSX Venture Exchange acceptance of the formal agreement (paid & Issued);
- \$12,000 cash payment (paid) and issuance of 200,000 common shares (issued) to the vendor on the first anniversary of the execution of the letter of intent;
- \$16,000 cash payment to the vendor on the second anniversary of the execution of the letter of intent;
- \$20,000 cash payment to the vendor on the third anniversary of the execution of the letter of intent;
- \$25,000 cash payment to the vendor on the fourth anniversary of the execution of the letter of intent;
- The vendor will retain a 1.5-per-cent net smelter return royalty on all mineral production, 0.75 per cent of which can be purchased by Prime Meridian Resources for \$500,000;

The Bruce Lake project comprises of 4,250 acres located to the southeast of Great Bear Resources' Dixie Project. The Camping Lake project comprises of 6,250 acres southeast of Great Bear Resources' Packwash Project.

#### Bluffy Lake, Ontario

In September 2021, the Company acquired, through staking, an additional 2,920 hectares east of its Camping Lake Project in the Red Lake District of Ontario.

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### Dixie Lake, Ontario

On September 8, 2021, the Company entered into an agreement to acquire 100% interest in 282 mineral claims covering 5,830 hectares in the Dixie Lake area of Red Lake mining district of Ontario. In consideration, the Company will issue 1,000,000 shares (issued) and pay \$15,000 (paid) to the vendor.

Payment schedule as follows:

|   |    | Cash   | Shares    |
|---|----|--------|-----------|
| Upon TSX-V acceptance (issued and paid) | \$ | 15,000 | 500,000   |
| 1 <sup>st</sup> anniversary (issued)    |    | -      | 500,000   |
|   | \$ | 15,000 | 1,000,000 |

### Pakwash Lake, Ontario

On May 5, 2020, the Company completed the purchase of three mineral claims in the western Pakwash Lake area of the Red Lake mining district of Ontario. The new claims are due south of the TNT target being drilled by BTU Metals. The agreement calls for a one-time payment of \$10,000 (paid May 2020), subject to a 1% royalty in favour of the vendor that can be purchased by the company for \$500,000.

### Kelly Palladium Project, Ontario

On February 5, 2020, the Company entered into a purchase agreement to acquire 100% ownership interest in the Kelly palladium project. The Kelly palladium project was discovered in 1969, but has never been drill tested, according to the Ontario assessment record. The project consists of 2,418 hectares and is located approximately 50 kilometres northeast of Sudbury, Ontario, Canada. The Sudbury basin has been one of the world's largest supplies of nickel, copper, and PGM (platinum group metal) ores since its discovery in 1856. The Company paid a \$30,000 cash payment to the vendor to complete the purchase, which is subject to a 1% net smelter return royalty in favour of the vendor. The Company has the exclusive right to buy the royalty from the vendor for \$500,000.

The Kelly Project is located approximately 20 kilometres directly east of the Sudbury Basin and is host to regionally anomalous palladium (Pd), platinum (Pt), copper (Cu), nickel (Ni), and gold (Au) values, associated with sulphides hosted by rocks of the Nipissing Diabase.

At the Kelly Project, platinum-group metals (Pt, Pd, Au) and Cu-Ni sulphide (chalcopyrite, pyrrhotite and pentlandite) occur primarily as disseminations and blebs within medium grained, relatively homogenous hypersthene-bearing gabbroic rocks of the Nipissing Diabase. The main sulphide showing is exposed over approximately 1,500 square metres, with several sulphide showings within several hundred metres of the main showing.

Mineralization at the Kelly Project appears to be confined to a massive, hypersthene-bearing gabbro unit that extends for at least 1,000 metres along the northern edge of the Kukagami Lake Intrusion. This massive gabbro unit dips southward at about 40 degrees with the mineralized regions occurring between 50 and 100 m above the basal contact. Numerous palladium, platinum, copper, and nickel geochem anomalies have been outlined along with numerous high priority IP anomalies, and remain largely untested.

The highest recorded historical grab samples on the Kelly PGM-Cu-Ni Project are: 5.86 g/t 3E (4.16 g/t Pd, 1.10 g/t Pt, 0.6g/t Au), 5.1 g/t 3E (4.37g/t Pd, 0.46g/t Pt, 0.27g/t Au) 0.82% Cu and 0.46% Ni and 4.5 g/t 3E (3.76 g/t Pd, 0.47g/t Pt, 0.27g/t Au) 0.72% Cu and 0.27% Ni.\*

\* Note: 3E = Pt + Pd + Au. The reader is cautioned that grab rock samples are selective by nature and may not represent the true grade or style of mineralization on the Property.

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### La Verde Project, Sonora, Mexico

On March 14, 2022, the Company signed an option-to-purchase agreement to purchase the La Verde Project in Sonora, Mexico. As at the date of this report, the agreement is under TSXV review.

On October 4, 2022, the Company and the Vendor have elected to modify the La Verde Project Purchase Option Agreement by changing the requirement for two US\$200,000 option payments due under the current Agreement to US\$20,000 minimum monthly payments. The Company and the Vendor have made these changes to reduce the up-front obligations under the agreement and expedite the transaction process. The Company has also extended all financial obligations related to its Red Lake and Kelly claims for up to one year to focus the proceeds of the current financing on the La Verde Project.

### *Updated Financial Plan*

The Company's project payments and work program expenditures for the next six months under the new Financial Plan are projected as follows:

|  |                     |
|--|---------------------|
| Monthly Option Payments                | \$165,600.00        |
| La Verde Project - Mining Duties       | \$ 22,434.04        |
| La Verde Project - Phase1 Work Program | <u>\$264,200.00</u> |
| Total                                  | <u>\$452,234.04</u> |

### *Permitting Plans and Work Programs*

Upon TSX Venture Exchange approval, the Company will initiate the permitting process for the work programs at the La Verde Project through the delivery of certain outstanding items based on the conclusions of the La Verde title opinion that was completed by PMR's Mexican lawyers EC Rubio, who's offices are in Chihuahua, Mexico (the "Title Opinion"). This work will be completed in partnership with the Vendor and through the utilization of their resources and exploration logistics team located in Hermosillo, Mexico.

The details of the NI 43-101 Phase 1 Work Program planned for the La Verde Project, are detailed below. There will be no allocations of expenditure under the NI 43-101 Phase 1 or Phase 2 Work Programs on the La Verde 3 concession and the the La Verde 3 concession is not material to the Company's current plans for the exploration and development of the La Verde Project.

### **QUALIFIED PERSON**

All disclosure of scientific or technical information, including disclosure of a mineral resource or mineral reserve, concerning a mineral project on a property material to the issuer must be based upon information prepared by or under the supervision of a qualified person.

Mr. Cash Lewis, P. Geo., a consultant to the Company is the Qualified Person.

### **SUBSEQUENT EVENTS**

- a. The Company and the Vendor have elected to modify the La Verde Project Purchase Option Agreement by changing the requirement for two US\$200,000 option payments due under the current Agreement to US\$20,000 minimum monthly payments. The Company and the Vendor have made these changes to reduce the up-front obligations under the agreement and expedite the transaction process. The Company has also extended all financial obligations related to its Red Lake and Kelly claims for up to one year to focus the proceeds of the current financing on the La Verde Project.
- b. On November 26, 2022, 3,327,220 warrants and 208,000 broker warrants at exercise price of \$0.15 expired.

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- c. On November 25, 2022, the Company announced a non-brokered private placement financing for aggregate gross proceeds of up to \$1,000,000. The financing will consist of up to twenty million units at \$0.05, each unit consisting of one common share of the company and one common share purchase warrant with each warrant being exercisable for an additional common share at an exercise price of \$0.10 cents for 36 months. The warrants will be subject to the right of the company to accelerate the exercise of the warrants if the shares of the company trade at or above \$0.50 cents for a period of 10 consecutive trading days. Finders' fees in accordance with TSX Venture Exchange policies may apply to the financing. Proceeds raised from the financing will be used for project payments, exploration and working capital expenditures. The Company will be relying on NI 45-106 s. 5A.2 and a Form 45-106F19 offering document.

### Results of Operations

#### Results of Operations for the Three Months Ended September 30, 2022 and 2021

The net loss for the three months ended September 30, 2022 was \$526,851 (2021 - \$221,994). Significant expenditures during the quarter were:

- Consulting \$100,500 (2021 - \$90,500)
- Exploration and evaluation expenditures \$19,688 (2021 - \$22,500);
- Rent and administrative \$31,140 (2021 - \$31,116);
- Transfer agent and filing fees \$3,947 (2021 - \$3,725);
- Interest expense \$23,893 (2021 - \$15,391);
- Stock-based compensation \$273,000 (2021 - \$30,000)

Expenses were higher in the three months ended September 2022, than the comparative period in 2021 mainly due to stock-based compensation recognized in the fiscal quarter.

#### Results of Operations for the Nine Months Ended September 30, 2022 and 2021

The net loss for the nine months ended September 30, 2022 was \$1,186,702 (2021 - \$1,094,848). Significant expenditures during the first two quarters were:

- Consulting \$301,500 (2021 - \$235,000)
- Exploration and evaluation expenditures \$67,500 (2021 - \$67,500);
- Marketing and promotion \$175,000 (2021 - \$50,000);
- Rent and administrative \$95,216 (2021 - \$92,908);
- Professional fees \$46,766 (2021 - \$38,350);
- Transfer agent and filing fees \$74,567 (2021 - \$39,014);
- Interest expense \$70,457 (2021 - \$108,161);
- Stock-based compensation \$273,000 (2021 - \$471,000)

Due the nine months period ended September 30, 2022, the Company's expenses related to its annual general meeting, regulatory costs relating to the Company's acquisition of La Verde, due diligence costs relating to La Verde and marketing and advertising.

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### Summary of quarterly reports

|                                  | Sep. 30,<br>2022 | Jun. 30,<br>2022 | Mar. 31,<br>2022 | Dec. 31,<br>2021 |
|----------------------------------|------------------|------------------|------------------|------------------|
| Expenses                         | \$ 526,851       | \$ 356,622       | \$ 301,479       | \$ 652,080       |
| Other (income) expenses          | -                | 2,250            | (500)            | (448,410)        |
| Net loss                         | (526,851)        | (358,872)        | (300,979)        | (201,670)        |
| Comprehensive income (loss)      | (526,851)        | (358,872)        | (300,979)        | (110,666)        |
| Basic and diluted loss per share | (0.01)           | (0.01)           | (0.00)           | (0.03)           |
| Total current assets             | 222,521          | 23,318           | 229,922          | 427,754          |
| Total assets                     | 446,870          | 247,668          | 429,272          | 627,104          |
| Total current liabilities        | 2,151,543        | 1,956,889        | 1,744,621        | 1,731,600        |
| Total liabilities                | 2,289,329        | 2,156,674        | 2,002,407        | 2,049,386        |

|                                  | Sep 30,<br>2021 | Jun 30,<br>2021 | Mar 31,<br>2021 | Dec. 31,<br>2020 |
|----------------------------------|-----------------|-----------------|-----------------|------------------|
| Expenses                         | \$ 220,494      | \$ 221,240      | \$ 650,614      | \$ 180,845       |
| Other (income) expenses          | 1,500           | 1,250           | (2,250)         | 474,987          |
| Net (loss) income                | (221,994)       | (219,990)       | (652,864)       | (655,832)        |
| Comprehensive loss               | (221,997)       | (320,198)       | (643,657)       | (624,852)        |
| Basic and diluted loss per share | (0.00)          | (0.01)          | 0.02            | 0.00             |
| Total current assets             | 375,356         | 287,601         | 471,250         | 18,717           |
| Total assets                     | 478,706         | 367,751         | 551,400         | 98,867           |
| Total current liabilities        | 1,891,354       | 3,663,453       | 4,041,367       | 4,343,112        |
| Total liabilities                | 2,260,667       | 4,041,367       | 4,343,112       | 2,464,689        |

### LIQUIDITY AND CAPITAL RESOURCES

|                            | September 30, 2022 | December 31, 2021 |
|----------------------------|--------------------|-------------------|
| Current assets             | \$ 223,520         | \$ 427,754        |
| Current liabilities        | 2,151,543          | 1,731,600         |
| Total liabilities          | 2,289,329          | 2,049,386         |
| Shareholders' deficiency   | 1,842,459          | 1,422,282         |
| Working capital deficiency | 1,929,023          | 1,303,846         |

As at September 30, 2022, the Company had cash of \$24,692 (December 31, 2021 - \$247,754) and negative working capital of \$1,929,023 (December 31, 2021 - \$1,303,846).

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 the required financing in the future on terms acceptable to the Company.

### Share Capital

Authorized: unlimited common voting shares, without par value.

For the nine months ended September 30, 2022, 1,008,837 warrants were exercised at a price of \$0.15, for total proceeds of \$150,125.

In June 2022, 500,000 shares were issued at a fair price of \$0.05, pursuant to mineral interest in Dixie Lake.

In September 2022, 6,800,000 common shares were issued from private placement at a price of \$0.05.

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### Stock options

For the nine months ended September 30, 2022, 6,500,000 stock options were granted.

As at September 30, 2022, the following stock options were outstanding and exercisable:

| Expiry Date      | Exercise Price (\$) | Number of options | Remaining Years |
|------------------|---------------------|-------------------|-----------------|
| January 29, 2026 | 0.10                | 3,800,000         | 3.33            |
| August 13, 2026  | 0.10                | 2,000,000         | 3.87            |
| July 22, 2026    | 0.15                | 6,500,000         | 4.81            |
|                  |                     | 12,300,000        | 3.77            |

### Warrants

For the nine months ended September 30, 2022, 6,800,000 warrants were issued from a private placement for a price of \$0.10 for a term of 3 years.

For the nine months ended September 30, 2022, 1,000,837 warrants were exercised, and 12,420,111 warrants expired.

As at September 30, 2022, the following warrants were outstanding:

| Expiry Date       | Exercise Price (\$) | Number of Warrants | Remaining Years |
|-------------------|---------------------|--------------------|-----------------|
| November 26, 2022 | 0.15                | 3,327,220          | 0.16            |
| December 8, 2022  | 0.10                | 250,000            | 0.19            |
| September 7, 2025 | 0.10                | 6,800,000          | 2.94            |
|                   |                     | 10,377,220         | 2.16            |

As at the date of this report, 2022, the following warrants were outstanding

| Expiry Date       | Exercise Price (\$) | Number of Warrants | Remaining Years |
|-------------------|---------------------|--------------------|-----------------|
| December 8, 2022  | 0.10                | 250,000            | 0.02            |
| September 7, 2025 | 0.10                | 6,800,000          | 2.78            |
|                   |                     | 7,050,000          | 2.68            |

### Broker warrants

For the nine months ended September 30, 2022, 532,000 broker warrants were issued from private placement.

As at September 30, 2022, the following broker warrants were outstanding:

| Expiry Date       | Exercise Price (\$) | Number of Broker warrants | Remaining Years |
|-------------------|---------------------|---------------------------|-----------------|
| November 26, 2022 | 0.15                | 208,000                   | 0.16            |
| December 8, 2022  | 0.10                | 532,000                   | 2.94            |
|                   |                     | 740,000                   | 2.16            |

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As at the date of this report, the following broker warrants were outstanding:

| Expiry Date      | Exercise Price (\$) | Number of Broker warrants | Remaining Years |
|------------------|---------------------|---------------------------|-----------------|
| December 8, 2022 | 0.10                | 532,000                   | 2.78            |

As at the date of this report, the Company has 79,053,063 common shares, 12,300,000 incentive stock options, 7,050,000 share purchase warrants and 532,000 broker warrants outstanding. If all of the stock options, warrants, and broker warrants were exercised the Company would have 98,935,063 common shares issued and outstanding.

### COMMITMENTS

Significant commitments of the Company are as follows:

- \$20,000 per month payment due to Domus Management;
- \$1,074,287 in loans and interest payable; and
- Work commitments under Exploration and Evaluation Assets.

### OFF-BALANCE SHEET ARRANGEMENTS

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

### 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 nine months ended September 30, 2022 | Fees incurred nine months ended September 30, 2021 | Balance payable at September 30, 2022 | Balance payable at December 31, 2021 |
|------------------------------|--|-----------------------------|--|--|---------------------------------------|--------------------------------------|
| Nexvu Inc.                   | Services Owned by Nexvu Capital, of which Brian Leeners is a shareholder | Rent and corporate services | \$ 90,000  | \$ 90,000  | \$ 167,959                            | \$ 149,877                           |
| Brian Leeners                | Chief executive officer and director                                     | Management services         | 90,000   | 90,000   | 108,750                               | 58,500                               |
| Global Capital               | Link Greg Pearson, director of the Company, is a shareholder             | Management services         | 90,000   | 90,000   | 85,750                                | 58,500                               |
| Gordom Fretwell, Corporation | J. Law Gordon Fretwell is a shareholder of Nexvu Capital Corporation     | Legal services              | 37,775   | 15,000   | 152,116                               | 114,671                              |
| Tyler Thorburn               | Director   | Consulting                  | 90,000   | -  | -                                     | -                                    |
| Tyler Thorburn*              | Director   | Marketing                   | 175,000  | -  | 45,200                                | -                                    |
| AE Financial Management Ltd. | Financial Edward Low, chief financial officer, is a shareholder          | Accounting services         | 31,500   | 31,500   | 79,721                                | 61,500                               |
|                              |  |                             | \$ 604,275   | \$ 316,500   | \$ 639,496                            | \$ 443,048                           |

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Balances owing are included in accounts payable and accrued liabilities, due on demand, unsecured, non-interest bearing and have no specified terms of repayment.

\* The Company made the payment of \$175,000 and \$150,000 to a company owned by a director of the Company for marketing services in 2021 and period ended September 30, 2022, respectively. These amounts were recorded in prepaid expenses. As at nine months ended September 30, 2022, the balance of prepaid expenses is \$150,000 (December 31, 2021-\$175,000).

### 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;

### NEW ACCOUNTING STANDARDS

For information on the Company's accounting policies and new accounting pronouncements, please refer to our disclosure in our unaudited Condensed Consolidated Interim Financial Statements for the nine months ended September 30, 2022.

### 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 September 30, 2022 totalled \$14,396,953 (December 31, 2021 - \$13,630,428). 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 September 30, 2022.

#### (ii) Foreign currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. 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 US dollars. The Company had net monetary liabilities totaling \$626,200 in US dollars at September 30, 2022. The Company's foreign currency risk is assessed as medium.

#### (iii) Credit risk

Credit risk is the risk of loss if counterparties do not fulfill their contractual obligations and arises principally from its receivables. As of September 30, 2022, the Company is not exposed 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 September 30, 2022, 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 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

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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

Other than the item(s) disclosed in the financial statements, 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 financing 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 determine 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.

### 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](http://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",

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"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.

### Directors and Officers

Brian Leeners – Director, Chief Executive Officer

Greg Pearson, - Director

Tyler Thorburn – Director

Maria Conejo – Director

Edward Low – Chief Financial Officer

Gord Fretwell – Corporate Secretary