PRIME MERIDIAN RESOURCES CORP.
Management's Discussion & Analysis
For the Years Ended December 31, 2021 and 2020

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 years ended December 31, 2021 and 2020. The following should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2021. All figures are in Canadian dollars unless otherwise stated.

DATE OF REPORT

April 29, 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 ("TSX-V"). The corporate head office of the Company is located at Suite 2110 – 650 West Georgia Street, Vancouver, British Columbia, V6B 4N9.

HIGHLIGHTS

On February 9, 2021, the Company completed a non-brokered private placement financing for gross proceeds of $998,922. The Company issued 19,978,435 units, each unit consisted of one common share and one-half of a common share purchase warrant, each full warrant being exercisable at 15 cents for a period of one year, subject to the right of the company to accelerate the exercise of the warrants if the shares of the company trade at or above 25 cents for a period of 10 consecutive trading days. The company issued 308,000 broker units and paid a cash finder fee of $40,800. The broker units have the same terms as the private placement units.

On April 23, 2021, the Company completed a non-brokered private placement financing for gross proceeds of $143,963. The Company issued 1,439,630 units, each unit consisted of one common share and one common share purchase warrant, each warrant entitling the holder to acquire one common share at a price of 15 cents for a period of one year, subject to the right of the company to accelerate the exercise of the warrants if the shares of the company trade at or above 25 cents for a period of 10 consecutive trading days. Finders' fees' consisting of 14,00 units were paid in relation to the financing.

On September 3, 2021, the Company completed a non-brokered private placement for gross proceeds $300,000. The Company issued two million units, each unit will consist of one common share and one common share purchase warrant, with each warrant entitling the holder to acquire one additional common share at a price of $0.25 per share for 12 months from closing. 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 for a period of 10 consecutive trading days. Finders' fees may apply to this private placement and all securities issued will be subject to a statutory four-month hold period. The financing was subscribed by an insider of the Company.

On September 8, 2021, the Company announced it had executed a formal purchase agreement to acquire 282 mineral claims covering 5,830 hectares in the Dixie Lake area of the Red Lake Mining District of Ontario, bringing the Company's total land position in the area to 10,180 hectares. The claims are generally contiguous with Company's existing Camping Lake Project and east of the Company's Bruce Lake Project.

The Company will acquire a 100% interest in the new claims, with no royalties, by issuing a total of 1,000,000 common shares of the Company and paying $15,000 to the vendor, as per the following:

- Issuing 500,000 common shares and paying $15,000 upon the receipt of TSX Venture Exchange acceptance of the Purchase Agreement; and
- issuing 500,000 common shares on or before the 1st Anniversary of the Purchase Agreement.

The common shares will be subject to a four-month hold period pursuant to applicable securities laws.

On September 22, 2021, the Company announced it has acquired, through staking, an additional 2,920 hectares east of its Camping Lake Project in the Red Lake District of Northwestern Ontario. The newly-named Bluffy Lake Project is directly contiguous with Barrick Gold Corporation's (TSX: ABX) South Ushi Project and Trillium Gold Mines' (TSX-V: TGM) Karas Lake property.

The Company further announced that it has retained Simcoe Geoscience Limited to complete high-resolution Triaxial Airborne Magnetic and Helicopter Time Domain EM surveys on its Camping Lake and Bruce Lake Projects. The Camping Lake and Bruce Lake Projects were optioned and acquired by the Company based on their coverage and proximity to the Pakwash Lake Fault Zone (PLFZ) and the Sydney Lake Fault Zone (SLFZ) in the Red Lake District of Northwestern Ontario, Canada.

On September 28, 2021, the announced it has acquired, through staking, an additional block of claims contiguous with its Kelly PGM-Cu-Ni Project, bringing the property's total land position to 2,418 hectares.

The highest recorded historical grab samples on the Kelly 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.*

Copper and nickel are central metals for the EV and Alternative Energy revolution and platinum and palladium are used in catalytic converters for decreasing auto emissions. Platinum in particular is also used as a catalyst to improve the efficiency of hydrogen fuel cells.

On September 30, 2021, the Company announced it retained Simcoe Geoscience Ltd. to complete a high-resolution triaxial airborne magnetic and helicopter time-domain EM survey on the Kelly platinum group metal/copper/nickel project. The survey is planned to consist of 300 line kilometers at 100-metre spacing across the property. Following the completion of the airborne geophysical survey, the company intends to organize a ground-based geophysical survey, including an induced polarization (IP) survey.

On November 26, 2021, the Company completed a non-brokered private placement financing for gross proceeds of $599,083. The financing consisted of:

- 500,000 flow-through units issued at $0.20 per unit, with each flow-through unit consisting of one flow-through common share of the company and one-half common share purchase warrant, with each full warrant being exercisable for an additional common share of the company at an exercise price of$0.30 for 12 months.

- 3,327,220 units issued at $0.15 per unit, with each unit consisting of one common share and one common share purchase warrant, with each warrant entitling the holder to acquire one additional common share at a price of $0.25 for 12 months.

All warrants are subject to the right of the company to accelerate the exercise of the warrants if the shares of the company trade at or above 50 cents for a period of 10 consecutive trading days.

Finders' fees consisting of $31,200 cash and 208,000 "B" warrants exercisable at 15 cents for a period of 12 months have been paid in relation to the financing.

On December 9, 2021, the Company announced it has executed a letter of intent (LOI) providing it with the right to purchase up to a 100-per-cent interest in the La Verde Grande copper-zinc-silver-gold (Cu-Zn-Ag-Au) mine and surrounding concessions. The La Verde project is located in central Sonora state, Mexico, approximately 50 kilometres (km) northwest of the city of Hermosillo. The La Verde project comprises nine mineral concessions covering 2,493 hectares. The company's plan is to fast-track the exploration and development of the seven currently known Cu-Zn-Ag-Au skarn zones, while evaluating, in parallel, the significant opportunity for the discovery of copper porphyry mineralization proximal to those skarn zones.

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 ofUS$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 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.

The trading of the Company's stock was halted on the TSXV on December 9, 2021, pending TSXV review of the La Verde transaction.

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

<u>Bruce and Camping Lake Gold Projects, Ontario</u>
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 purchase 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.

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 and pay $15,000 to the vendor.

Payment schedule as follows:

		Cash	Shares
Upon TSX-V acceptance (issued)	$	15,000	500,000
1st anniversary		-	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.

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. On February 5, 2022, the Company received $75,276 from the exercise of 501,387 warrants.
b. On February 8, 2022, 9,487,830 warrants and 308,000 B warrants exercisable at $0.15, expired.
c. 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 ofUS$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 shares and a 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 production 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.

d. On April 23, 2022, a total of 1,453,630 warrants exercisable at $0.15 expired.

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, 2021, 2020 and 2019:

	December 31, 2021	December 31, 2020	December 31, 2019
Revenues	$ -	$ -	$ -
Expenses	1,744,428	1,032,141	1,839,113
Other expenses (income)	(447,910)	(1,108,259)	(28,770)
Net income (loss)	(1,296,518)	76,118	(1,810,343)
Comprehensive income (loss)	(1,296,518)	95.128	(1,793,809)
Basic and diluted income (loss) per share	(0.02)	0.02	(0.07)
Total current assets	427,754	18,717	35,779
Total assets	627,104	98,867	49,279
Total current liabilities	1,731,600	4,343,112	5,017,667
Total liabilities	2,049,386	4,343,112	5,017,667

Summary of quarterly reports

	Dec. 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021
Expenses	$ 652,080	$ 220,494	$ 221,240	$ 650,614
Other (income) expenses	(448,410)	1,500	1,250	(2,250)
Net loss	(201,670)	(221,994)	(219,990)	(652,864)
Comprehensive income (loss)	(110,666)	(221,997)	(320,198)	(643,657)
Basic and diluted loss per share	(0.03)	(0.00)	(0.01)	0.02
Total current assets	427,754	375,356	287,601	471,250
Total assets	627,104	478,706	367,751	551,400
Total current liabilities	1,731,600	1,891,354	3,663,453	4,041,367
Total liabilities	2,049,386	2,260,667	4,032,766	4,041,367

	Dec. 31, 2020	Sep. 30, 2020	Jun. 30, 2020	Mar. 31, 2020
Expenses	$ 180,845	$ 157,494	$ 216,257	$ 477,545
Other (income) expenses	474,987	(1,000)	(976,287)	(605,959)
Net (loss) income	(655,832)	(156,494)	760,530	127,914
Comprehensive loss	(624,852)	(141,699)	789,088	72,591
Basic and diluted loss per share	0.00	(0.01)	0.03	0.00
Total current assets	18,717	4,615	22,191	67,793
Total assets	98,867	77,115	68,691	114,293
Total current liabilities	4,343,112	2,464,689	2,328,536	5,010,090
Total liabilities	4,343,112	2,464,689	2,328,536	5,010,090

Results of Operations for the Three Months Ended December 31, 2021 and 2020

The net loss for the three-month period ended December 31, 2021 was $201,670 (2020 - $655,832). Major expenditures during the quarter were:

- Consulting $146,000 (2020 - $75,197);
- Exploration and evaluation expenditures $33,000 (2020 - $22,391);
- Marketing and promotion $169,452 (2020 - $nil);
- Rent and administrative $51,700 (2020 - $54,407);
- Transfer agent and filing fees $6,783 (2020 - $5,177);
- Interest expense $55,198 (2020 - $44,195);

- Gain on settlement of debt $372,197 (2020 - $nil);
- Gain on loan modification $78,213 (2020 - $nil)

Expenses for the quarter ended December 31, 2021, were offset with fair value adjustments to gains on settlement debt ($372,197) (Notes 9 & 12) and loan modification ($78,213) (Note 8).

Results of Operations for the Years Ended December 31, 2021 and 2020

The net loss for the year ended December 31, 2021 was $1,296,518 (2020 - $76,118 net income). Major expenditures during the year were:

- Consulting $381,000 (2020 - $358,197);
- Foreign exchange loss $5,710 (2020 - $53,967 gain);
- Exploration and evaluation expenditures $100,500 (2020 - $89,891);
- Professional fees $77,002 (2020 - $32,705);
- Marketing and promotion $219,452 (2020 - $34,512);
- Rent and administrative $144,608 (2020 - $145,535);
- Stock-based compensation $607,000 (2020 - $nil);
- Transfer agent and filing fees $45,797 (2020 - $27,393);
- Interest expense $163,359 (2020 - $386,451);
- Forgiveness of debt $nil (2020 - $1,102,259)
- Gain on settlement of debt $372,197 (2020 - $nil)
- Gain on loan modification $78,213 (2020 - $nil)

The net loss for the year ended December 31, 2021, was higher than the previous year, mainly due to stock-based compensation costs of $607,000 expensed in the current year and no gain from forgiveness of debt.

LIQUIDITY AND CAPITAL RESOURCES

	December 31, 2021	December 31, 2020
Current assets	**$ 427,754**	$ 18,717
Current liabilities	**1,731,600**	4,343,112
Total liabilities	**2,049,386**	4,343,112
Shareholders' deficiency	**(1,422,282)**	(4,244,245)
Working capital deficiency	**(1,303,846)**	(4,324,395)

As at December 31, 2021, the Company had cash of $247,754 (December 31, 2020 - $2,414) and negative working capital of $1,303,846 (December 31, 2020 - $4,324,395). Subsequent to December 31, 2021, the Company received $75,276 for the exercise of 501,387 warrants.

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.

<u>**Share Capital**</u>

Authorized: unlimited common voting shares, without par value.

During the year ended December 31 2021, the Company completed:

a) a non-brokered private placement for gross proceeds of $998,922. The Company issued 19,978,435 units at a price of $0.05 per unit where 2,529,240 units were issued for payable to Domus of $126,462 (note 8).

Each unit consisting of one common share and one-half of a common share purchase warrant, each full warrant being exercisable at $0.15 for 12 months from closing, subject to the right of the Company to accelerate the exercise of the warrants if the shares of the Company trade at or above $0.25 for a period of 10 consecutive trading days. The Company issued 308,000 broker units with a fair value of $15,400 and paid cash finder fees totaling $40,800. Each broker unit consists of one common share and one-half of a common share purchase warrant exercisable at a price of $0.15 price for 12 months (Note 14).

b) a non-brokered private placement for gross proceeds of $143,963. The Company issued 1,439,630 units at a price of $0.10 per unit, each unit consisting of one common share and one common share purchase warrant, each warrant being exercisable at $0.15 for 12 months from closing, subject to the right of the Company to accelerate the exercise of the warrants if the shares of the Company trade at or above $0.25 for a period of 10 consecutive trading days. The Company issued 14,000 broker units with a fair value of $1,400 as a finders' fee. Each broker unit consists of one common share and one common share purchase warrant exercisable at a price of $0.15 price for 12 months (Note 14).

c) a non-brokered private placement for gross proceeds of $300,000. The Company issued 2,000,000 units at a price of $0.15 per unit, each unit consisting of one common share and one common share purchase warrant, each warrant being exercisable at $0.25 for 12 months from closing, 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 for a period of 10 consecutive trading days.

d) a non-brokered private placement for gross proceeds of $499,083. The Company issued 3,327,220 units at a price of $0.15 per unit, each unit consisting of one common share and one common share purchase warrant, each warrant being exercisable at $0.25 for 12 months from closing, subject to the right of the Company to accelerate the exercise of the warrants if the shares of the Company trade at or above $0.55 for a period of 10 consecutive trading days. The Company issued 208,000 Broker ("B") warrants exercisable at $0.15 with a fair value of $12,000 for a period of 12 months (Note 14) and $31,200 cash.

e) a non-brokered private placement for gross proceeds of $100,000. The Company issued 500,000 flow-through units at a price of $0.20 per unit, each flow-through unit consisting of one flow-through common share and one-half of a common share purchase warrant, each full warrant being exercisable at $0.30 for 12 months from closing, subject to the right of the Company to accelerate the exercise of the warrants if the shares of the Company trade at or above $0.55 for a period of 10 consecutive trading days. The Company recorded a flow through share premium of $25,000 (Note 11).

Shares issuance - debt settlement (share for debt)

During the year ended December 31, the Company issued 13,432,919 common shares at a fair value of $940,304 to settle other payable of $1,554,524 (Note 9), loan obligations $166,544 (Note10) and accounts payable of $53,983 totalling $1,775,051. The Company recorded a gain on settlement of $372,197 to the consolidated statements of comprehensive income (loss) and $462,550 of gain on settlement to deficit (note 12).

Shares issuance - pursue exploration and evaluation asset interests

During the year ended December 31, 2021, the Company:

- issued 500,000 common shares with a fair value of $65,000 pursuant to the Dixie Lake property (Note 7).

- issued 200,000 common shares with a fair value of $16,000 to pursuant to the Bruce and Camping Lake property (Note 7).

During the year ended December 31, 2020, the Company issued 200,000 common shares, with a fair value of $14,000, to a shareholder as part of the Bruce and Camping Lake agreement.

Subsequent to December 31, 2021, the Company issued 501,387 common shares from the exercise of warrants.

Share subscription received

During the year ended December 31, 2021, $273,412 were converted to 2,734,120 common shares at a price of $0.10. As at December 31, 2021, the balance of share subscription is $Nil (2020 - $273,412).

Stock options

On January 29, 2021, the Company granted 5,500,000 stock options to its directors, officers and consultants at an exercise price of $0.10. The options are exercisable on or before January 29, 2026. The fair value of these options was calculated at $441,000 and determined on the date of issuance using the Black-Scholes option pricing model with the following weighted average assumptions: 0.16% risk-free interest rate, expected life of 3 years, 148% annualized volatility and 0% dividend rate. On August 17, 2021, the Company cancelled 1,700,000 of these options.

On August 13, 2021, the Company granted 2,000,000 stock options to its directors, officers and consultants at an exercise price of $0.10. The options are exercisable on or before August 13, 2026. The fair value of these options was calculated at $166,000 and determined on the date of issuance using the Black-Scholes option pricing model with the following weighted average assumptions: 00.40% risk-free interest rate, expected life of 5 years, 156% annualized volatility and 0% dividend rate.

As at December 31, 2021, stock options transactions are summarized as follows:

	Number of warrants	Weighted average exercise price ($)	Weighted average life remaining (years)
Balance, January 1, 2021	-	-	-
Issued	7,500,000	0.10	4.62
Exercised/expired	(1,700,000)	-	-
Balance, December 31, 2021	5,800,000	0.10	4.27

As at December 31, 2021, the following stock options were outstanding:

Expiry Date	Exercise Price ($)	Number of options	Remaining Years
January 29, 2026	0.10	3,800,000	4.08
August 13, 2026	0.10	2,000,000	4.62

No stock options were granted by the Company during the years ended December 31, 2020, and no stock options were outstanding as at December 31, 2020.

As at the date of this report, the following stock options were outstanding:

Expiry Date	Exercise Price ($)	Number of options	Remaining Years
January 29, 2026	0.10	3,800,000	3.79
August 13, 2026	0.10	2,000,000	4.33

Warrants

During the year ended December 31, 2021, the Company issued the following share purchase warrants through private placements:

- Issued 9,989,217 warrants at $0.15 and 308,000 B warrants for 12 months from closing (Note 13a)

- Issued 1,439,630 warrants at $0.15 and 14,000 B warrants for 12 months from closing (Note 13b).
- Issued 2,000,000 at $0.25 for 12 months from closing (Note 13c).
- Issued 3,327,220 at $0.25 for 12 months and 208,000 B warrants from closing (Note 13d).
- Issued 250,000 at $0.30 for 12 months from closing (Note 13e).

As at December 31, 2021, warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price ($)	Weighted average life remaining (years)
Balance, January 1, 2021	-	-	-
Issued - warrants	17,006,068	0.18	0.37
Issued – B warrants	530,000	0.15	0.44
Balance, December 31, 2021	17,536,068	0.18	0.37

As at December 31, 2021, the following warrants were outstanding:

Expiry Date	Exercise Price ($)	Number of Warrants	Remaining Years
February 8, 2022	0.15	9,989,218	0.11
April 23, 2022	0.15	1,439,630	0.31
September 3, 2022	0.25	2,000,000	0.67
December 8, 2022	0.25	3,327,220	0.94
December 8, 2022	0.30	250,000	0.94
February 8, 2022	0.15	308,000	0.11
April 23, 2022	0.15	14,000	0.31
December 8, 2022	0.15	208,000	0.94
		8	

No warrants were issued by the Company during the years ended December 31, 2020, and no warrants were outstanding as at December 31, 2020.

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

Expiry Date	Exercise Price ($)	Number of Warrants	Remaining Years
September 3, 2022	0.25	2,000,000	0.39
December 8, 2022	0.25	3,327,220	0.65
December 8, 2022	0.30	250,000	0.65
December 8, 2022	0.15	208,000	0.65
		5,785,220	

COMMITMENTS

Significant commitments of the Company are as follows:

- $20,000 per month payment due to Domus Management (Note 8);
- $925,740 in loans and interest payable (Note 10); 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 year ended December 31, 2021		Fees incurred year ended December 31, 2020		Balance payable at December 31, 2021		Balance payable at December 31, 2020
Nexvu Services Inc.	Owned by Nexvu Capital, of which Brian Leeners is a shareholder	Rent and corporate services	$	**120,000**	$	**120,000**	$	**149,877**	$	193,375
Brian Leeners	Chief executive officer and director	Management services		**120,000**		**120,000**		**58,500**		310,000
Global Link Capital	Greg Pearson, director of the Company, is a shareholder	Management services		**120,000**		**120,000**		**58,500**		287,000
Gordorn J. Fretwell, Law Corporation	Gordon Fretwell is a shareholder of Nexvu Capital Corporation	Legal services		**29,934**		**18,881**		**114,741**		134,844
Tyler Thorburn	Director	Consulting		**175,000**		**-**		**-**		-
AE Financial Management Ltd.	Edward Low, chief financial officer, is a shareholder	Accounting services		**42,000**		**58,000**		**61,500**		204,952
CBDS Health Inc.	Director	Corporate services		**-**		**-**		**-**		4,000
			$	**606,934**	$	**436,881**	$	**443,118**	$	1,134,171

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

During the year ended December 31, 2021, the Company made a prepayment to a company controlled by a director of the company for marketing services. The Company expensed $125,000 to marketing expense with remaining balance of $175,000 in prepaid.

During the year ended December 31, 2021, the Company issued 13,432,919 shares to settle outstanding accounts payable, other payables and loan obligations totalling $1,775,051, including $731,000 to directors, officers and companies controlled by director and/or officers (Note 13). The Company recorded gain on settlement of $462,550 related to director and officers to deficit (note 13).

During the year ended December 31, 2020, certain directors, officers and companies owned by directors and/or officers, agreed to forgive $991,984 in debt (Note 15).

During the year ended December 31, 2020, $10,500 of obligation to issue shares was forgiven by a director.

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 audited Consolidated Financial Statements for the year ended December 31, 2019.

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, 2021 totalled $13,630,428 (December 31, 2020 - $10,045,732). 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:

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, 2021.

(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 $692,980 in US dollars at December 31, 2021. The Company's sensitivity analysis indicates that a change in the absolute rate of exchange in the US dollar by 2% would increase or decrease net income (loss) by $17,571 for the year ended December 31, 2021.

(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 December 31, 2021, 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, 2021, 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 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.

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.

Directors and Officers

Brian Leeners – Director, CEO
Greg Pearson, - Director
Tyler Thorburn – Director
Maria Conejo – Director
Ed Low – CFO
Gord Fretwell – Corporate Secretary