



MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2020

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Prime Mining Corp.

Management's Discussion and Analysis
Year Ended April 30, 2020

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Prime Mining Corp.

Management's Discussion and Analysis
Year Ended April 30, 2020

The following is management's discussion and analysis ("MD&A") of Prime Mining Corp. (the "Company" or "Prime"), prepared as of August 14, 2020. This MD&A should be read together with the audited financial statements for the year ended April 30, 2020 and related notes. Financial amounts are expressed in Canadian dollars unless otherwise specified.

Certain information included in this MD&A may constitute forward-looking statements. Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

The Company has prepared audited financial statements for the year ending April 30, 2020 in accordance with accounting principles consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee.

This MD&A contains "forward looking statements" that are subject to risk factors set out in this MD&A.

Additional information related to Prime is available for view on SEDAR at www.sedar.com.

THE COMPANY'S BUSINESS

Prime is engaged in the acquisition, exploration and development of mineral resource properties, primarily targeting high-value and specialty metals. The Company's common shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "PRYM", on the Frankfurt Stock Exchange under the symbol "O4V2" and on the OTCQB market under "EPWMF".

HISTORY OF THE COMPANY

The Company was incorporated on May 14, 1981 in British Columbia. In August 2019, the Company changed its name from ePower Metals Inc. to Prime Mining Corp. Prime is a reporting issuer in British Columbia and Alberta, and a tier two issuer on the TSX-V. The Company's head office and principal place of business is located at Suite 1507 - 1030 West Georgia Street, Vancouver, BC V6E 2Y3. The Company has wholly owned subsidiaries in the United States, Suriname, Mexico and Barbados.

BUSINESS HIGHLIGHTS

Prime is focused on advancing gold exploration properties in Mexico with the potential to be brought to near-term production.

- In February 2020, the Company appointed Alejandro Caraveo as Mexico Country Manager (see *Board and Management* below).
- In February 2020, the Company also signed a 15-year surface-rights agreement, with a 15-year renewal option for the Los Reyes property. See *Los Reyes Gold Project, Mexico* below.
- In March 2020, the Company reported on further analysis of its ongoing exploration program on the Los Reyes property. See *Los Reyes Gold Project, Mexico* below.

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- In May 2020, the Company appointed Murray John to the board of directors (see *Board and Management* below)
- In June 2020, the Company completed a private placement that raised gross proceeds of \$10,000,000 (see *June 2020 Private Placement* below).
- In June 2020, the Company appointed Daniel Kunz as Chief Executive Officer, Andrew Bowering as Executive Vice-President and Murray John as Chairman of the board. The Company also appointed Paul Sweeney and Marc Prefontaine to the board of directors (see *Board and Management* below).
- In July 2020, the Company completed the purchase of the Los Reyes project. See *Los Reyes Project* below.
- In August 2020, the Company appointed Ian Harcus as Chief Financial Officer (see *Board and Management* below).

BOARD AND MANAGEMENT

In May 2020, the Company appointed Murray John to the board of directors, replacing Bruce Durham. Murray John currently serves as Chair of the Board of Discovery Metals Corp. and Lead Director of O3 Mining Inc. Prior to his retirement in December 2014, he was the President and CEO of Dundee Resources Limited, and Managing Director and a Portfolio Manager with Goodman & Company, Investment Counsel Inc., where he was responsible for managing Private Equity resource and precious metals focused mutual funds and flow-through limited partnerships. He was also the former President and CEO of Corona Gold Corporation and Ryan Gold Corporation up to 2015. He is a former director of several other public companies including Breakwater Resources Ltd., Dundee Precious Metals Inc. and Osisko Mining Inc. Mr. John has been involved with the resource investment industry since 1992 and has worked as an investment banker, buy-side mining analyst, sell-side mining analyst, and portfolio manager. He graduated from the Camborne School of Mines in 1980 with a B.Sc. (Hons) in mining engineering and an Associateship of the Camborne School of Mines. He also received a Master of Business Administration from the University of Toronto in 1993.

In June 2020, the Company appointed Paul Sweeney and Marc Prefontaine to the board of directors, replacing Gregory Liller and Jorge Ramiro Monroy.

Mr. Sweeney is an experienced finance and mining executive and company director with international experience in both the mining and renewable energy sectors. An independent business consultant since May 2011, Mr. Sweeney is a non-executive director of OceanaGold Corporation, a TSX-listed international gold producer and Adventus Mining Corporation, a TSX.V-listed development and exploration company, where he chairs the audit committee for both companies. Previously he has served on the board of directors of Tahoe Resources Inc. before its sale to Pan American Silver Corp. and as Chief Financial Officer for both Canico Resource Corp. (acquired by Vale S.A.) and Sutton Resources Ltd (acquired by Barrick Gold Corporation) and a senior executive for Plutonic Power Corporation. Mr. Sweeney is chairman of the Company's audit committee.

Mr. Prefontaine is a professional geologist with over 30 years of experience, having worked for companies such as Teck Resources Limited and Hunter Dickinson Inc. As Chief Executive Officer

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of Grayd Resources Corporation from 2003 to 2012, he led the company through the discovery and initial evaluation of the La India gold deposit in Sonora, Mexico. Grayd was acquired by Agnico Eagle Mines Limited for \$275 million. La India has been in commercial production since 2013. More recently, Mr. Prefontaine co-founded Orla Mining Ltd. ("Orla") and served as Orla's Chief Executive Officer from 2015 until 2019, acquiring core gold development projects in Panama and Mexico. During his tenure as Chief Executive Officer, Orla's market capitalization increased from \$5 million to \$280 million. He is currently a principal of the Marshall Precious Metal Fund, a recently formed resource investment fund that focuses on investing in exploration-stage junior mining companies.

The Company also appointed Kerry Sparkes, President of Sparrowhawk Consulting Ltd., as a technical advisor. Mr. Sparkes is a registered professional geologist and has over 30 years of experience in the mineral exploration business as both an exploration geologist and a mining executive. Mr. Sparkes recently retired after seven years as Vice President Geology for Franco-Nevada Corporation and was responsible for evaluating the geological and resource potential of numerous mineral deposits worldwide. Mr. Sparkes was a founder and director of Orla. Previous positions include Vice President Exploration with Rainy River Resources Ltd., Vice President Exploration with Messina Minerals Inc., and Senior Geologist with Voisey's Bay Nickel Co. Ltd. Mr. Sparkes currently serves as a director of Aurion Resources Ltd. and an advisor to Canstar Resources Inc. Mr. Sparkes holds both undergraduate and graduate degrees from Memorial University of Newfoundland.

In August 2020, the Company appointed Ian Harcus as Chief Financial Officer, replacing Simon Anderson who relinquishes his role as Chief Financial Officer but will remain with the Company in a transition capacity. Mr. Harcus is a Chartered Professional Accountant (CPA, CA) with more than 12 years of financial and accounting experience. He has an extensive background in financial management and reporting, corporate transactions and working with international jurisdictions including Mexico. Prior to joining Prime, he served as Chief Financial Officer and Vice President Finance at Alio Gold Inc., which was recently acquired by Argonaut Gold Inc. He has held public accounting positions with Grant Thornton LLP and Ernst and Young.

In June 2020, Alex Tsakumis joined the Company as VP of Investor Relations while Alex Langer, who had been VP Capital Markets, left. Mr. Tsakumis has over 25 years of capital markets experience mainly in the mineral resource industry. From 2017 until 2020, Mr. Tsakumis was the Vice President of Corporate Development at the Belcarra Group of Companies (Barsele Minerals, Orex Minerals, Silver Viper Minerals and Dolly Varden Silver). Previously, he was Vice President of Alio Gold Inc. from 2007 to 2017 where he played a pivotal role in the development of the corporation from a junior exploration company to a production company. Mr. Tsakumis holds a bachelor's degree in Economics from the University of British Columbia.

In February 2020, Prime appointed Alejandro Caraveo as Mexico Country Manager. Mr. Caraveo is an experienced mining professional who studied business at McMurry College in Abilene, Texas. From 1994 to 2002, Mr. Caraveo was managing director of Minerale de Soyopa, SA de CV a private Mexican mining company with operations in the Ocampo District, in Chihuahau. In 2000, he joined the Board of Directors of Gammon Lake Resources, the predecessor of Gammon Gold and AuRico Gold. In 2003, he was appointed Managing Director of Gammon's subsidiary, Gammon Lake de México, SA de CV. In 2004, he became Managing Director of Metales Interamericanos, SA de CV a subsidiary company of Mexigold Resources. During this time, Mr.

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Caraveo played a key role in community relations and was responsible for successfully negotiating several key ejido agreements for both Gammon and Mexigold. In 2007, Mr. Caraveo founded a security company providing services to mine operators in Mexico. Clients included Frisco, Aurico Gold, Panamerican Silver, Coeur Mining and others. He sold the business in 2012 to focus on his private business interests, including the acquisition of Mexican mining projects.

Mr. Caraveo brings a wide executive level experience in the mineral resource exploration and development industry as well as very valuable relationships with government and business leaders throughout Mexico.

EFFECT OF COVID-19 ON PRIME

The Company is at the exploration stage and while individuals working for the Company may contract covid-19, the business operation as a whole is unlikely to be materially affected in the short term. The Company does not rely on specific materials, laboratories or suppliers. It is quite possible however, that exploration activities could be delayed by covid-19 and travel restrictions could limit the ability of Vancouver-based managers to be on-site in Mexico. However, management does not believe that such delays will have a material bearing on progress on the Company's exploration program.

The Company will need to raise funds to continue exploration and, if warranted, development of its properties. As a result of covid-19's adverse effect on financial markets, this could manifest itself in the Company having difficulty in financing longer-term term activities. At this date, it is not possible to determine what affect, if any, covid-19 will have on the ability of the Company to finance its development.

MINERAL PROPERTIES

LOS REYES GOLD PROJECT, MEXICO

ACQUISITION OF LOS REYES GOLD PROJECT, MEXICO

In August 2019, the Company closed the Los Reyes Assignment Agreement with Minera Alamos Inc. ("MAI"), Vista Gold Inc. ("Vista Gold"), and the Mexican subsidiaries of each of MAI and the Company, pursuant to which MAI will assign the rights to an option to earn a 100% interest in the Los Reyes Project in Sinaloa State, Mexico. MAI currently has the right to acquire a 100% interest in Los Reyes, pursuant to an option agreement entered into with Vista Gold. The Company is at arm's-length from each of MAI and Vista Gold. The option agreement received TSX-V approval in August 2019.

Initially, to acquire the Los Reyes Option, the Company:

- Paid US\$1,500,000 to MAI, to reimburse MAI for the cost of an option payment required to be made to Vista Gold on April 23, 2019 (the "April Payment").
- Assumed MAI's remaining option payments of US\$3,000,000 in favour of Vista Gold, as follows:
 - US\$1,500,000 paid on October 27, 2019; and
 - US\$1,500,000 on the earlier of October 27, 2021 or a production decision (collectively the "October Payments").

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- Issued to MAI 9,450,000 common shares and 3,350,000 warrants entitling MAI to acquire further common shares at a price \$0.50 per common share for a period of 24 months from issuance.
- Entered into the Los Reyes Governance Agreement, providing for, among other things, MAI receiving the right to appoint one director to the Board for so long as MAI holds at least 5% of the Company's outstanding common shares and MAI receiving the right to participate in future financings. Bruce Durham joined the Board as MAI's initial nominee under the Governance Agreement. As of the date of this MD&A, MAI no longer holds at least 5% of the Company's outstanding common shares. Bruce Durham resigned from the Board in May 2020.

The Company funded the April Payment through a loan of \$2,000,000 (the "Bridge Loan") which was arranged through a group of lenders consisting of Andrew Bowering (the Company's then CEO), George Dengin and Perfect Storm Holdings Ltd. (collectively the "Lenders"). The Bridge Loan was unsecured, bears interest at a rate of 12% per year, compounded monthly, and had a term of 12 months. The loan received TSX-V approval in August 2019 and the Company repaid \$1,000,000 of the loan plus accrued interest in September 2019. The Company repaid the remaining balance of the loan plus accrued interest in June 2020.

In consideration for providing the Bridge Loan, the Company paid a commitment fee of \$40,000 and issued 1,333,334 common shares to the Lenders.

In consideration for introducing the Los Reyes option to the Company, and for assisting in its facilitation, the Company issued 1,216,250 common shares to two arm's-length parties, Jeremy Ross and Sandwedge Consulting Ltd. A total of 556,250 finders' shares were issued, with a further 330,000 finders' shares to be issued upon completion of each of the October Payments.

On June 12, 2020, the Company entered into an amended option agreement for the Los Reyes Project with Vista Gold (the "Los Reyes Amended Option Agreement"). The Los Reyes Amended Option Agreement provides for the cancellation of all ongoing net smelter royalties ("NSR") and back-in rights ("Back-in Right") held by Vista Gold, in consideration for accelerating the final US\$1,500,000 option payment owing to Vista Gold (paid) and paying (1) US\$1,100,000 no later than six months from the acquisition date; and (2) US\$1,000,000 no later than 12 months from the acquisition date.

After the Company made the option payment, Vista Gold no longer retains a capped NSR on production from open-pit mining or a perpetual NSR on production from underground mining. In addition, Vista Gold no longer has the Back-in Rights to assume a 49% non-carried interest in any underground mining project developed at the property. If the Company fails to make the US\$1,100,000 and US\$1,000,000 payments, Vista Gold will have the right to reinstate its NSRs and Back- in Rights.

In summary, to acquire the Property, the Company:

- Paid US\$1,500,000 to MAI, to reimburse MAI for the cost of an option payment required to be made to Vista Gold in April 2019.
- Assumed MAI's remaining option payments of US\$3,000,000 in favour of Vista Gold of which US\$1,500,000 was paid in October 2019 and US\$1,500,000 was paid in July 2020.

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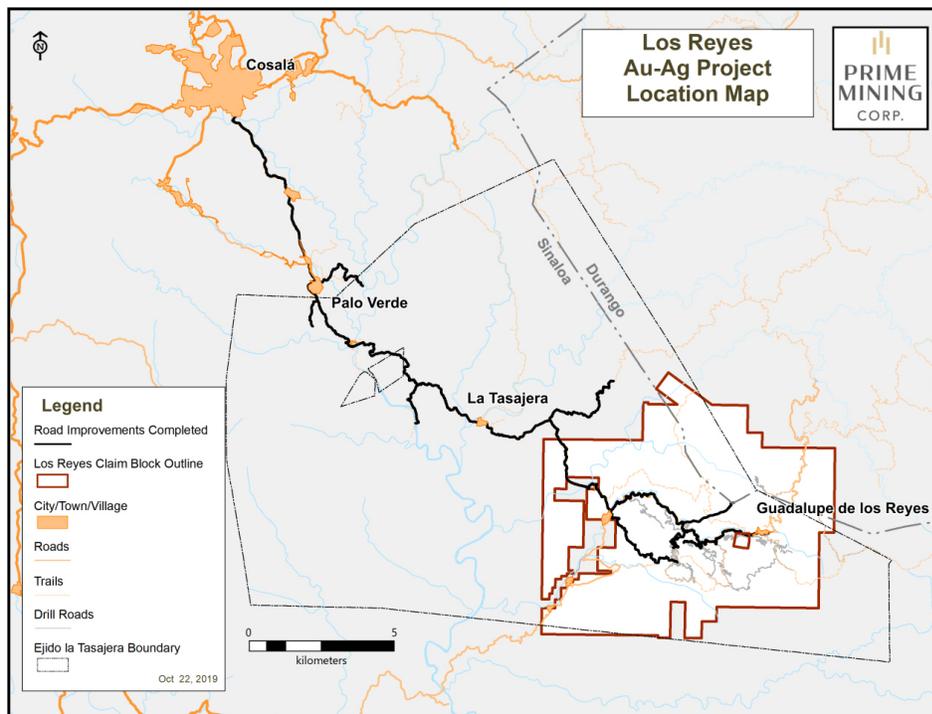
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- Issued to MAI 9,450,000 common shares and 3,350,000 common share purchase warrants entitling MAI to acquire further common shares at a price \$0.50 per share for a period of 24 months.
- Agreed to pay to Vista Gold US\$1,100,000 by January 2021 and a further US\$1,000,000 by July 2021.

Prime filed a deed in Mexico with the Public Registry of Property and Commerce to record the transfer of the 37 Los Reyes mining concessions. The Company expects to complete registration with the Mines General Directorate's Mining Public Registry in due course.

PROJECT DESCRIPTION

Located 43 kilometres south east of the mining centre of Cosala, Sinaloa, Los Reyes has a mining history that stretches back into the 1700s and has seen mining activity as recently as the 1980s. In the 1990s, North Crown Mining explored the property, drilling 381 reverse circulation holes and commissioned a resource estimate and preliminary economic assessment. The property was returned to the original concession holders in the early 2000s. Vista Gold reassembled the land package and drilled 48 core holes in several of the deposits. They also had a resource estimate calculated and a preliminary economic assessment made. Great Panther Silver Ltd optioned the property in 2014, through the acquisition of CanGold Ltd, and drilled 41 core holes in 2015. MAI optioned the property from Vista Gold in 2017. Prime acquired the option from MAI in 2019 and began a surface exploration program of trenching and roadcut channel sampling.



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The Company believes that the Los Reyes gold-silver project is an overlooked, underexplored epithermal gold-silver project located in a prolific mining region of Mexico. Previous operators completed various prefeasibility studies yet held back from development due to then-prevailing declining gold prices. The Company further believes that work that has been completed has provided sufficient understanding of existing resources to allow Los Reyes to be fast-tracked to production. However, Los Reyes holds gold and silver exploration optionality. It is a large epithermal system with the bulk of work being conducted over less than 40% of the known structures leaving significant opportunity to expand known resources.

SURFACE-USE AGREEMENT

In February 2020, the Company and representatives of Ejido Tasajera signed a new long-term agreement for surface use and compensation for disturbance of the Los Reyes project area ("Surface Rights Agreement"). The surface-use agreement has an initial term of 15 years and can be extended for an additional 15-year period. It covers project access and land use for exploration, engineering, construction, commissioning and commercial operations and is important to the long-term viability of a mining operation as Los Reyes.

At a meeting on September 5, 2019, Ejido Tasajera approved access rights and the trenching work that Prime has been undertaking. Since then, the parties have worked to remedy a few outstanding legal matters, complete negotiations and enter into a binding agreement. Upon the execution of the Surface Rights Agreement, Prime made an initial payment of US\$38,300 to Ejido Tasajera.

The commercial terms of the Surface Rights Agreement are divided into three stages of activities: exploration, construction and commercial production. Key elements are as follows:

- For an initial period of three years while conducting exploration, Prime paid an upfront fee of MXN 700,000 (US\$38,300) that includes MXN 100,000 for exploration work completed over the past six months and a three-year prepayment of three MXN 200,000 annual payments.
- Prime has the right to extend the exploration period for up to two additional years by making an annual payment of US\$20,000 in year four and US\$30,000 in year five.
- Prime has the right to initiate construction of a mine at any time. If construction begins prior to the fifth year, the annual payment is increased to US\$30,000.
- Upon commencement of commercial production, the annual payment increases to US\$200,000, paid in semi-annual installments of US\$100,000.
- Payments due to Ejido Tasajera during commercial production are subject to adjustments based on Unidad de Medida de Actualizacion, the official Mexican index for the adjustment of government pensions, social security payments, taxes, etc. For reference, last year's increase in such payments was 2.8% and this year is estimated to be 2.83%.
- During commercial production, Prime will also make, collectively, a US\$15,000 annual "apoyo" or gift distributed to the local families of Ejido Tasajera.
- During the dry season months the Company will arrange to haul water to the Tasajera village if requested.

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Prime also intends to maximize employment of qualified local and Ejido Tasajera residents in its activities with individuals having the necessary skill levels and capability.

The Surface Rights Agreement is fully transferable without further approval of the Ejido Tasajera.

In addition to the Surface Rights Agreement, an agreement has also been completed that establishes specific, non-material payments to local individuals whose traditional land use within the ejido becomes affected by Prime's exploration, construction and production activities.

MINERAL RESOURCE ESTIMATE

On April 2, 2020, Prime announced an updated mineral resource estimate ("Updated Resource") prepared by Stantec Consulting Ltd. ("Stantec") for its Los Reyes project. The Updated Resource was based on the historic drilling as well as new trenching and roadcut channel sampling on several deposits. Surface sampling is ongoing.

The Updated Resource increases total oxide mineralized material and upgrades the assurance category estimate reliability. The new pit constrained Updated Resource (at 0.22 g/t Au cutoff) increased to 19.8 million tonnes Measured and Indicated plus 7.1 million tonnes Inferred from 6.8 million tonnes Indicated and 3.2 million tonnes Inferred historic global resource (at 0.5 g/t Au cutoff).

The Updated Resource contains 633,000 ounces Au and 16,604,000 ounces Ag Measured and Indicated at 1.00 g/t Au and 26.15 g/t Ag, respectively, and 179,000 ounces Au and 6,831,000 ounces Ag Inferred at 0.78 g/t Au and 29.95 g/t Ag, respectively.

The following is a summary of pit constrained Au and Ag ounces at various cutoffs:

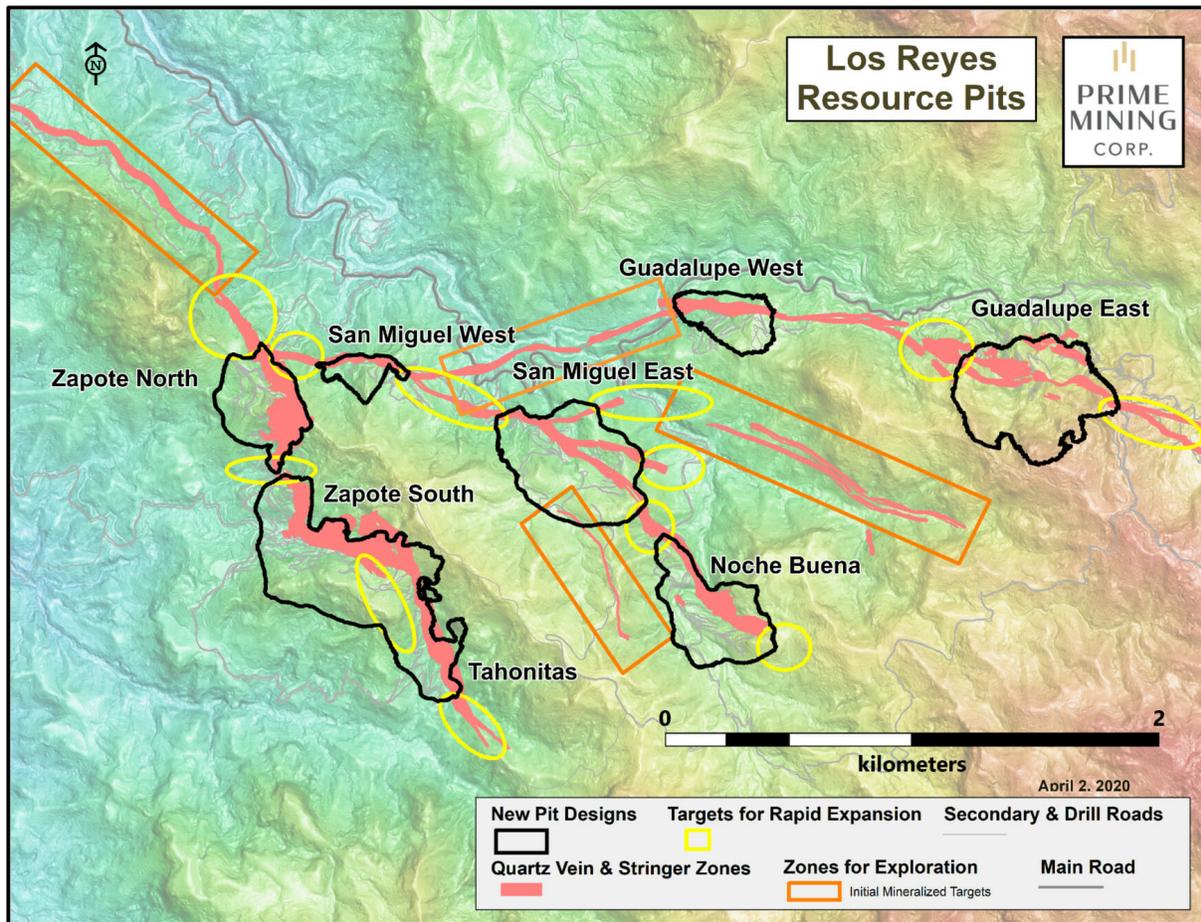
Pit Constrained Resources at Different Cutoff Grades

| Cutoff | Assurance Category | Tonnes ('000) | Average Au | Contained Au | Average Ag | Contained Ag |
|-----------------------|--------------------|---------------|-------------|--------------|-------------|--------------|
| | | | Grade (g/t) | (oz '000) | Grade (g/t) | (oz '000) |
| 0.22 g/t cutoff total | Measured (M) | 8,527 | 1.24 | 341 | 28.98 | 7,946 |
| | Indicated (I) | 11,225 | 0.81 | 293 | 23.99 | 8,658 |
| | M+I | 19,752 | 1.00 | 633 | 26.15 | 16,604 |
| | Inferred | 7,094 | 0.78 | 179 | 29.95 | 6,831 |
| 0.50 g/t cutoff total | Measured (M) | 5,294 | 1.80 | 306 | 37.62 | 6,403 |
| | Indicated (I) | 6,528 | 1.15 | 240 | 31.01 | 6,509 |
| | M+I | 11,822 | 1.44 | 546 | 33.97 | 12,912 |
| | Inferred | 3,956 | 1.13 | 144 | 42.90 | 5,456 |
| 0.70 g/t cutoff total | Measured (M) | 4,094 | 2.15 | 283 | 42.46 | 5,589 |
| | Indicated (I) | 4,603 | 1.38 | 204 | 35.48 | 5,251 |
| | M+I | 8,697 | 1.74 | 488 | 38.77 | 10,840 |
| | Inferred | 2,603 | 1.44 | 120 | 54.36 | 4,549 |

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| | | | | | | |
|------------------------------|---------------|-------|------|-----|-------|-------|
| 0.90 g/t cutoff total | Measured (M) | 3,323 | 2.47 | 264 | 46.57 | 4,975 |
| | Indicated (I) | 3,423 | 1.58 | 174 | 39.46 | 4,342 |
| | M+I | 6,746 | 2.02 | 438 | 42.96 | 9,317 |
| | Inferred | 1,859 | 1.71 | 102 | 64.23 | 3,839 |
| 1.0 g/t cutoff total | Measured (M) | 3,019 | 2.62 | 254 | 48.42 | 4,700 |
| | Indicated (I) | 2,895 | 1.70 | 158 | 41.85 | 3,895 |
| | M+I | 5,914 | 2.17 | 413 | 45.20 | 8,595 |
| | Inferred | 1,685 | 1.78 | 97 | 67.22 | 3,642 |

- Three year rolling gold price of US\$1,329 /ounce and silver price of US\$16 / ounce used
- Cut-off grades of 0.22 g/t gold, 54 g/t silver
- Total mining and processing cost of US\$6.70 / tonne applied
- No NSR charges were applied in calculation of cut-off or mining costs
- In-place tonnages constrained to the pit solids



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CURRENT EXPLORATION PROGRAM

Prime is executing a planned 10,000-metre drilling and surface trench sampling program employing a three-pronged approach:

1 - Increase current mineral resource confidence: Upgrade 7.1 million tonnes of Inferred mineral resources to the Measured and Indicated category, which currently contains 19.75 million tonnes at 1.0 gpt gold and 26.2 gpt silver:

- 2,000 metres of surface rock chip sampling in trenches
- 1,500 metres of drilling in 12 to 15 shallow drill holes
- Focus areas include Noche Buena, Tahonitas, and Zapote including surface rock chip sampling in trenches at San Miguel East and San Miguel West

2 - Expand resource immediately: Add gold and silver ounces by drilling along strike and down dip in areas adjacent to the existing eight open pit-constrained mineral resource areas:

- 1,500 metres of surface rock chip sampling in trenches
- 3,500 metres of drilling with some holes reaching a depth of 200 metres
- Focus areas include the mineralized structures at Zapote, San Miguel East, and south-east extensions to Noche Buena and Tahonitas

3 - Add future targets: Define the potential to add new gold and silver ounces in unexplored areas where existing data and new mapping information confirm mineral potential:

- 3,500 metres of surface rock chip sampling in trenches
- 5,000 metres of drilling with some holes reaching a depth of 350 metres
- Focus areas include potential mineralized structures extending between San Miguel East, Guadalupe East, and Las Primas, and between Guadalupe West and the Zapote/Mariposa trend. A structural re-interpretation indicates new northwest trending structures parallel to the Zapote trend may exist.

Mapping and Sampling

The Company is currently undertaking the first-ever comprehensive modern geologic mapping effort for the entire ~6,300-hectare Los Reyes concession area. Up to four teams are mapping the rock types, alterations, geologic structures, and other physical features.

The Los Reyes project has had several previous operators, so Prime will also be undertaking a comprehensive re-logging program to improve the understanding of the geological model. Some 13,000 metres of core from 89 historic drill holes currently stored in Prime's core building in Hermosillo will be re-logged and analyzed to confirm the reported rock type, alteration, and mineralization data. In addition, historic reverse circulation drill reject samples stored on-site will be recovered, re-bagged and re-logged based on the new interpretation parameters, if and where possible. Additionally, new regional soil and rock chip sampling and assaying will be completed with a view to generate grass roots targets across the rest of the 6,300-hectare concession.

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Metallurgical Test Work

All new drill and surface rock chip sampling material sent to the assay lab will also be analyzed for cyanide solubility using bottle roll tests to build a strong database of metal recovery data across the project. Prior metallurgical test work has confirmed heap leach and mill gold and silver recovery are viable alternatives.

Execution Timeline

This first phase of exploration will continue through the upcoming rainy season. Surface rock chip sampling in trenches has been ongoing since October 2019 and will continue through during Phase 1. To date, 4,501 samples have been collected from 6,076 metres of surface outcrop, including 2,533 trench channel samples and 1,979 roadcut channel samples. Of these, 2,282 samples have been reported, leaving 1,650 samples to be reported. Assay results will be released as available.

The new field mapping and core re-logging activity has begun and is expected to be completed by September 2020. Drilling will begin shortly after the completion of these activities, and as soon work can be safely undertaken after the end of the rainy season.

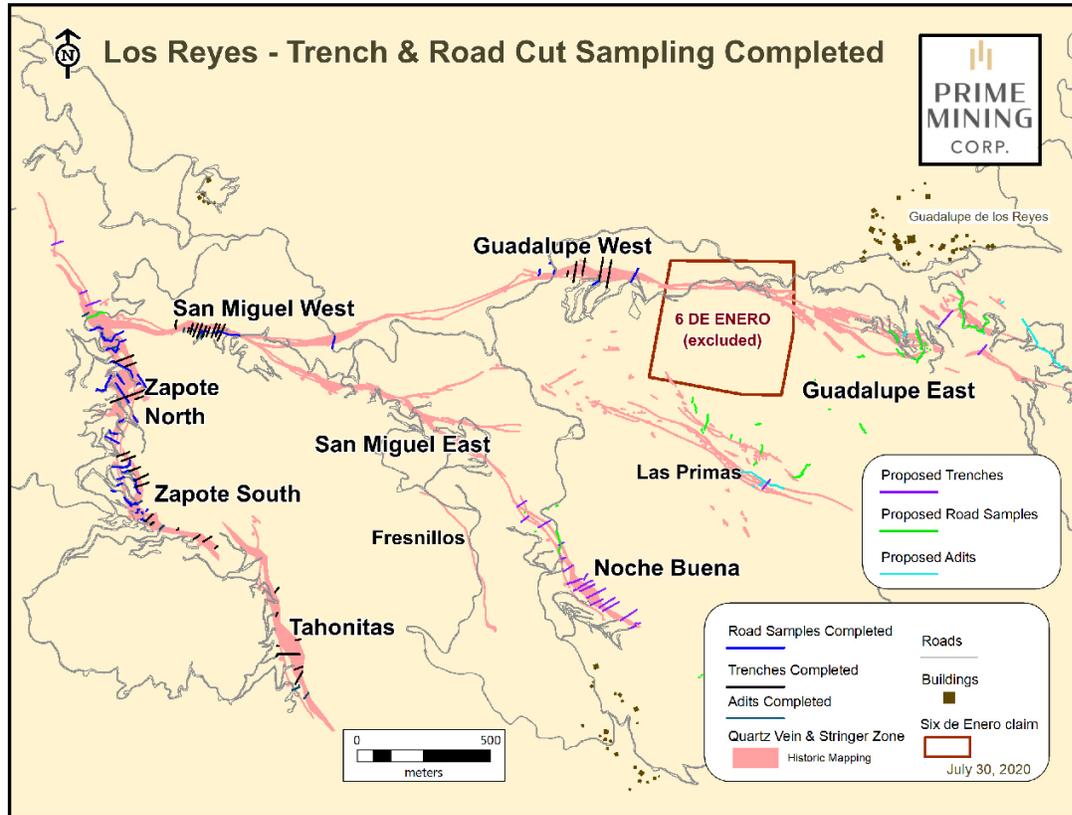
After the rainy season and mapping work, drilling can begin in areas with existing roads, areas where the local ejido needs access roads for its own purposes and in areas where portable drills can be utilized. Drilling activities in new areas, where no land disturbance currently exists, will require permits for land disturbance and construction of new roads. Such environmental permit applications were submitted in March 2020 but due to government office closures during the covid-19 shutdown, a recent amended application for 100 drill holes into these new areas has been filed. Initial drill results are expected in November 2020.

EXPLORATION RESULTS

In September 2019, the Company undertook an exploration program that created new trenches for shallow hand sampling as well as the collection of contiguous sampling along selected pre-existing road cuts and adits. A surface sampling program of this magnitude has never been completed on the Los Reyes project.

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The sampling program is providing valuable information in determining the surface expression of mineralized structures, planning pit locations, and establishing where structures remain open to expansion. Exploration results support Prime's program to connect outcropping surface mineralization to existing drilled resources below the surface in proposed pit locations. The project strip ratio has been favorably impacted together with an overall increase in project mineral resource size based on the initial surface work that was used to calculate the Updated Resource.

Sampling consists of crews collecting continuous 1.5 metre rock chip and channel samples targeting quartz bearing alteration zones in hand dug trenches where bedrock is covered by overburden and from exposed road cuts across mapped and unmapped structures.

Results indicate the sampling program provides valuable information for determining the surface expression of mineralized. Assay results range from below detection to 33.6 g/t gold and 170.3 g/t silver.

Fall 2019 Exploration Program

Exploration began at the San Miguel West deposit with a series of trenches cut perpendicular to the mineralized structure. Road cut channel samples were collected along existing drill roads blasted into the rock. These roads cross the mineralized structures at various orientations but at the San Miguel West deposit, the roads are typically parallel to the structure.

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San Miguel West deposit is a east-west trending, steeply to moderately dipping quartz bearing structural zone. It is situated east of the Zapote North deposit and is the northern part of the San Miguel West- San Miguel East- Noche Buena Trend. Tables 1 and 2 show highlights from this sampling.

Table 1 – San Miguel West Road Cut Sampling

| Location | Interval (m) | Gold (g/t) | Silver (g/t) |
|-----------------|---------------------|-------------------|---------------------|
| Main Road | 6.0 | 0.43 | 1.15 |
| RS-3 | 7.5 | 1.0 | 11.0 |
| and | 10.5 | 0.82 | 26.0 |
| RS-5 | 10.5 | 0.32 | 13.6 |
| and | 10.5 | 2.0 | 17.8 |
| and | 12.0 | 0.78 | 20.2 |
| and | 16.5 | 2.5 | 39.2 |
| and | 7.5 | 0.83 | 5.0 |
| RS-6 | 22.5 | 0.39 | 10.7 |
| and | 25.5 | 0.72 | 11.6 |
| and | 36.0 | 1.84 | 13.0 |
| RS-7 | 13.5 | 4.21 | 28.0 |
| including | 1.5 | 33.6 | 50.4 |
| and | 34.5 | 4.2 | 21.2 |
| including | 15.0 | 8.2 | 30.0 |
| including | 1.5 | 17.1 | 37.3 |
| and | 7.5 | 0.68 | 32.4 |

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| Location | Interval (m) | Gold (g/t) | Silver (g/t) |
|----------|--------------|------------|--------------|
| and | 13.5 | 1.54 | 37.5 |
| and | 9.0 | 6.67 | 55.5 |

Table 2- San Miguel West Surface Trenches

| Trench # | From (m) | To (m) | Interval (m) | Gold (g/t) | Silver (g/t) |
|-----------|----------|--------|--------------|------------|--------------|
| TR-1 | 30 | 39 | 9 | 0.92 | 22.3 |
| TR-2 | 34.5 | 39 | 4.5 | 2.66 | 30.0 |
| TR-3 | 52.5 | 66 | 13.5 | 1.42 | 49.4 |
| Incl. | 55.5 | 57 | 1.5 | 5.87 | 170.3 |
| TR-4 | 27 | 40.5 | 13.5 | 1.59 | 27.7 |
| TR-6 | 51 | 54 | 3 | 0.61 | 33.0 |
| TR-7 | 28.5 | 37.5 | 9 | 0.53 | 16.1 |
| TR-8 | 9 | 15 | 6 | 0.41 | 17.2 |
| and | 21 | 34.5 | 13.5 | 0.66 | 31.1 |
| TR-9 | 6 | 13.5 | 7.5 | 1.84 | 36.8 |
| including | 7.5 | 9 | 1.5 | 7.82 | 125.7 |

As crews worked on the San Miguel trenches, existing drill roads at Zapote North were rehabilitated and trenching and road cut sampling was initiated.

Zapote North is a North-South trending mineralized zone with a sharp footwall and variable veining in the hanging wall. The mineralization is hosted in a structure that dips moderately to the west.

Evidence from trenching and sampling at San Miguel and Zapote indicates the structures are open along strike and are wider than indicated in historic mapping. In addition, much of the drilling at San Miguel was at such depths that, due to the lack of surface data, previously modelled

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resources were not carried to surface. The new data from this sampling was used in the new resource estimate by Stantec. The new models allowed the resource to be projected to surface, increasing minable tonnes, recoverable ounces and reducing the stripping ratios associated with any future development. True mineralized zone width is not defined by sampling results. Some zones remain open in width due to incomplete sampling. See Table 3, 4 and 5 for selected surface results from trenching, adit and road cuts at Zapote North.

Table 3 – Zapote North Surface Trenches

| Trench # | From (m) | To (m) | Interval (m) | Gold (g/t) | Silver (g/t) |
|-----------------|-----------------|---------------|---------------------|-------------------|---------------------|
| ZA5575N | 19.5 | 22.5 | 3.0 | 1.57 | 12.7 |
| and | 54.0 | 57.0 | 3.0 | 3.16 | 11.4 |
| and | 63.0 | 79.5 | 16.5 | 1.04 | 22.7 |
| ZA5550 N | 31.5 | 46.5 | 15.0 | 5.58 | 23.2 |
| and | 34.5 | 42.0 | 7.5 | 9.43 | 29.0 |
| ZA-5450N | 147 | 156 | 9 | 0.81 | 13.1 |
| ZA-5425N | 46.5 | 49.5 | 3 | 1.75 | 13.6 |

Table 4 - Zapote North Road Cut Sampling

| Location | Interval (m) | Gold (g/t) | Silver (g/t) |
|-----------------|---------------------|-------------------|---------------------|
| RS-8A | 4.5 | 0.69 | 7.1 |
| RS-8A | 16.5 | 0.66 | 8 |
| RS-8A | 12 | 1.56 | 14.5 |
| RS-8B | 6 | 11.72 | 26.2 |
| RS-8B | 18 | 0.57 | 10.5 |
| RS-9 | 6 | 0.87 | 14 |
| RS-11 | 6 | 1.5 | 17.4 |
| RS-11 | 9 | 0.24 | 16.2 |
| RS-12 | 3 | 0.24 | 10.2 |

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Table 5 – Zapote Adit Sampling

| Adit # | From (m) | To (m) | Interval (m) | Gold (g/t) | Silver (g/t) |
|------------------------|----------|--------|--------------|------------|--------------|
| Adit 1 | 0 | 10.5 | 10.5 | 0.58 | 18.4 |
| Adit 1 | 16.5 | 27 | 10.5 | 1.32 | 25.9 |
| Adit 3 | 0 | 22.5 | 22.5 | 3.23 | 68.5 |
| Adit 5 – crosscut east | 0 | 7.5 | 7.5 | 2.46 | 21.4 |
| Adit 5 – drift | 0 | 9 | 9 | 3.01 | 25.4 |
| Adit 5 – crosscut west | 0 | 22.5 | 22.5 | 0.99 | 18.7 |
| including | 0 | 1.5 | 1.5 | 8.30 | 47.6 |

Winter 2019 Exploration Program

In December 2019, the Company continued the surface exploration program. Trench and road cut sampling were completed at Zapote South and the central area between the two Zapote deposits. Zapote South is a complex dilation zone within the Mariposa-Zapote-Tahonitas structural trend. Highlights of the Zapote South results (see Tables 6 and 7 below) include trench ZA-5000N that returned 6.75 g/t gold and 58.2 g/t silver over 39.0 metres including 9.88 g/t gold and 62.0 g/t silver over 18.0 metres.

This trench was designed to sample across the structure where historic surface mapping shows an outcropping of a non-mineralization intrusion. The non-mineralized intrusive body was not encountered. Instead, this trench returned the highest grades encountered so far from the surface sampling program. The trench began and ended in mineralization with overburden cover prohibiting sampling on either end. Chip-channel sampling from the road exposure (ZS-RS10) along strike of the mineralization returned 7.76 g/t gold and 79.8 g/t silver over 12.0 metres including 48.30 g/t Au and 116.7 g/t silver from a 1.5 metre sample (see Table 8 below). This is the highest single sample gold grade yet recovered during Prime's sampling program.

In addition, trench sampling from the south end of the Zapote South deposit has returned high gold grades over significant widths. Trenches ZA-4840N and ZA-4865N, 25 metres apart, began and ended in mineralization with deep overburden cover prohibiting sample extensions. Trench ZA-4840N included a 7.5 metre zone of 6.21 g/t gold and 698.6 g/t silver including 14.40 g/t gold and 1,875.0 g/t silver over 1.5 metres, the highest single sample silver grade yet recovered from the Los Reyes project. Field crews are re-examining the immediate area to determine if the trenches can be extended in either direction. Crews will also prospect along strike to the south to determine if the structure continues and if another trench can be excavated. These trenches are located near the eastern margin of the planned Zapote South open pit.

Other trench sampling returned encouraging gold grades and expanded the mineralization into the footwall of the Zapote deposit (e.g. ZA-5150N). Chip-channel sampling along historic road cuts has returned insignificant gold mineralization in the far western portion of the structural hanging wall.

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Table 6 – Zapote South Trench Sampling

| Trench # | From (m) | To (m) | Interval (m) | Gold (g/t) | Silver (g/t) |
|-----------------|-----------------|---------------|---------------------|-------------------|---------------------|
| ZA-5150N | 0 | 54 | 54 | 1.91 | 16.6 |
| including | 4.5 | 13.5 | 9 | 5.92 | 46.2 |
| ZA-5125N | 0 | 10.5 | 10.5 | 0.4 | 6.4 |
| ZA-5125N | 21 | 28.5 | 7.5 | 1.56 | 11.3 |
| ZA-5000N | 0 | 39 | 39 | 6.75 | 58.2 |
| including | 10.5 | 28.5 | 18 | 9.88 | 62 |
| ZA-4975N | 3 | 15 | 12 | 4.04 | 34.3 |
| including | 12 | 15 | 3 | 8.31 | 32.3 |
| ZA-4865N | 0 | 24 | 24 | 3.63 | 30 |
| including | 1.5 | 3 | 1.5 | 21.4 | 39.3 |
| including | 9 | 10.5 | 1.5 | 14.5 | 48.3 |
| ZA-4840N | 0 | 37.5 | 37.5 | 1.76 | 175.3 |
| including | 0 | 7.5 | 7.5 | 6.21 | 698.6 |

Table 7 – Zapote South Road Sampling

| Location | Interval (m) | Gold (g/t) | Silver (g/t) |
|-----------------|---------------------|-------------------|---------------------|
| ZS-RS1 | 30 | 2.87 | 41.6 |
| including | 9 | 6.67 | 55.5 |
| ZS-RS2 | 25.5 | 7.94 | 58.9 |
| including | 13.5 | 12.17 | 71 |
| ZS-RS7 | 43.5 | 1.24 | 13.1 |
| including | 9 | 3.53 | 20.4 |
| ZS-RS8A | 22.5 | 0.87 | 14.3 |
| ZS-RS8B | 37.5 | 3.9 | 36.5 |
| including | 7.5 | 11.34 | 89.8 |
| ZS-RS10 | 12 | 7.76 | 79.8 |
| including | 1.5 | 48.30 | 116.7 |

Trench and Road cut sampling in the Central area between the Zapote deposits show mineralized areas carrying good grades over significant widths in an area outside the historical resource of Zapote North and South.

These initial results support Prime's belief that Zapote North and South, the two largest known deposits at Los Reyes, can potentially be joined into one large body, ultimately adding additional

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tonnes and minable ounces to the resource model. Importantly, the latest discovery occurs at an initial access point to the deposits and, provided mineralization proves consistent at depth, will likely result in this area becoming the starting point for our planned open-pit development. See Tables 7 and 8 for a summary of these results.

Table 8 – Zapote Central Trench Sampling

| Trench # | From (m) | To (m) | Interval (m) | Gold (g/t) | Silver (g/t) |
|-----------|----------|--------|--------------|------------|--------------|
| ZA5225 N | 16.5 | 46.5 | 30.0 | 3.93 | 40.1 |
| including | 27.0 | 34.5 | 7.5 | 8.71 | 60.0 |
| ZA5250 N | 7.5 | 18.0 | 10.5 | 0.88 | 61.6 |
| ZA5185 N | 18.0 | 43.5 | 25.5 | 0.33 | 15.2 |

Table 9 – Zapote Central Road Sampling

| Location | Interval (m) | Gold (g/t) | Silver (g/t) |
|-----------|--------------|------------|--------------|
| RS-13 | 27.0 | 1.53 | 24.8 |
| including | 1.5 | 10.1 | 66.3 |
| RS-14 | 37.5 | 0.76 | 18.0 |

Spring 2020 Exploration Program

In April 2020, the Company continued the surface exploration program, focusing on the deposits Guadalupe West, Tahonitas and Noche Buena.

Guadalupe West Deposit is located between the San Miguel West and Guadalupe East deposits. Guadalupe West is a east-west trending structure, dipping steeply to the south. Highlights from the Guadalupe West surface program results are shown in Table 10 and 11. The surface sampling shows a wide exposure of mineralization at surface that extends along strike for more than 200 metres.

Table 10 – Guadalupe West Trench Sampling

| Trench # | From (m) | To (m) | Interval (m) | Gold (g/t) | Silver (g/t) |
|----------|----------|--------|--------------|------------|--------------|
| GW-3750E | 12 | 70.5 | 58.5 | 0.83 | 20.2 |
| GW-3720E | 4.5 | 54.0 | 49.5 | 0.68 | 20.5 |
| GW-3650E | 1.5 | 60.0 | 58.5 | 0.51 | 13.7 |

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Table 11 – Guadalupe Road Sampling

| Location | Interval (m) | Gold (g/t) | Silver (g/t) |
|----------|--------------|------------|--------------|
| GW-RS1 | 19.5 | 0.49 | 21.8 |

Tahonitas is the southernmost deposit along the Mariposa-El Zapote-Tahonitas trend. The mineralized structure at Tahonitas strikes 350° and dips between 45° and 60° to the southwest. Tahonitas is hosted by andesite of the Lower Volcanic Sequence and is capped to the east by rhyolite and aplitic dikes of the Upper Volcanic Sequence. Mineralization occurs in silicified host rock and veins and has a sharp footwall contact with some veining to the hanging wall.

The current Tahonitas deposit is modeled as part of a conceptual open pit that includes the Zapote South deposit. The Zapote North, Zapote South and Tahonitas deposits are estimated to include 10,198,000 tonnes Measured and Indicated containing 311,000 ounces (“oz”) gold (“Au”) at 0.95 grams per tonne (“gpt”) and 5,637,000 oz silver (“Ag”) at 17.2 gpt. There are 2,407,000 tonnes Inferred containing 70,000 oz Au at 0.91 gpt plus 1,329,000 oz Ag at 17.2 gpt.

The Tahonitas gold-silver deposit has a drill-tested strike length of approximately 700 m and a width of between 10 and 35 m within the current resource model. Surface rock chip sampling at Tahonitas is designed to map the surface expression of mineralization. Surface trench TA-TR-3b, positioned oblique to the mineralized structure, returned 1.78 gpt Au and 71.0 gpt Ag over 63.0 m (24.1 m true width) including two high-grade intervals: 11.68 gpt Au and 333.9 gpt Ag over 4.5 m and 5.70 gpt Au and 292.0 g/t Ag over 6.0 m. This trench channel ended in mineralization. About 60 m south of TR-3b, trench channel TR-2 returned 0.72 gpt Au and 18.5 gpt Ag over 30.0 m, including 1.86 gpt Au and 46.5 gpt Ag over 7.5 m. See Table 12 for a summary of results.

Table 12 – Tahonitas South Channel Sampling Results

| Trench # | From (m) | To (m) | Interval (m) | Gold (g/t) | Silver (g/t) |
|-----------|----------|--------|--------------|------------|--------------|
| TR-1 | 12.0 | 22.5 | 10.5 | 3.24 | 46.0 |
| including | 18.0 | 21.0 | 3.0 | 8.37 | 55.2 |
| TR-2 | 0.0 | 30.0 | 30.0 | 0.72 | 18.5 |
| including | 0.0 | 7.5 | 7.5 | 1.86 | 17.7 |
| TR-3b | 21.0 | 84.0 | 63.0 | 1.78 | 71.0 |
| including | 30.0 | 34.5 | 4.5 | 11.68 | 333.9 |

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| Trench # | From (m) | To (m) | Interval (m) | Gold (g/t) | Silver (g/t) |
|------------|----------|--------|--------------|------------|--------------|
| including | 64.5 | 70.5 | 6.0 | 5.70 | 292.0 |
| TA-Adit 10 | 0.0 | 4.5 | 4.5 | 0.42 | 25.3 |
| TA-Adit 13 | 0.0 | 3.0 | 3.0 | 11.5 | 66.2 |

Noche Buena is the southernmost deposit along the San Miguel West – San Miguel – Noche Buena trend. The mineralized structure at Noche Buena strikes 140° and dips between 50°-60° to the southwest. The deposit has a drill-tested strike length of approximately 560 m and a true width of between 10 and 40 m within the current resource model. The zone has been traced intermittently for approximately 1.1 kilometres between Upper Sequence rhyolite in the southeast and its junction with the San Miguel vein in the northwest.

Trenching is underway in this area and samples have been submitted to the laboratory for analysis.

QA/QC Protocols and Sampling Procedures

Quality control of the sampling program includes the insertion of reference standards and blanks as well as reject duplicate analysis to monitor the integrity of all assay results. All samples are stored until picked up by Bureau Veritas Minerals and transported to its laboratory in Durango, Mexico. Samples are then dried, crushed, split and pulp samples are prepared for analysis. Pulps are sent to Bureau Veritas' Vancouver laboratory for analysis. Gold is determined by fire assay with an atomic absorption spectroscopy (AAS) finish, and silver plus 34 other elements by multi-acid digestion and ICP finish, over-limits by fire assay and gravimetric finish.

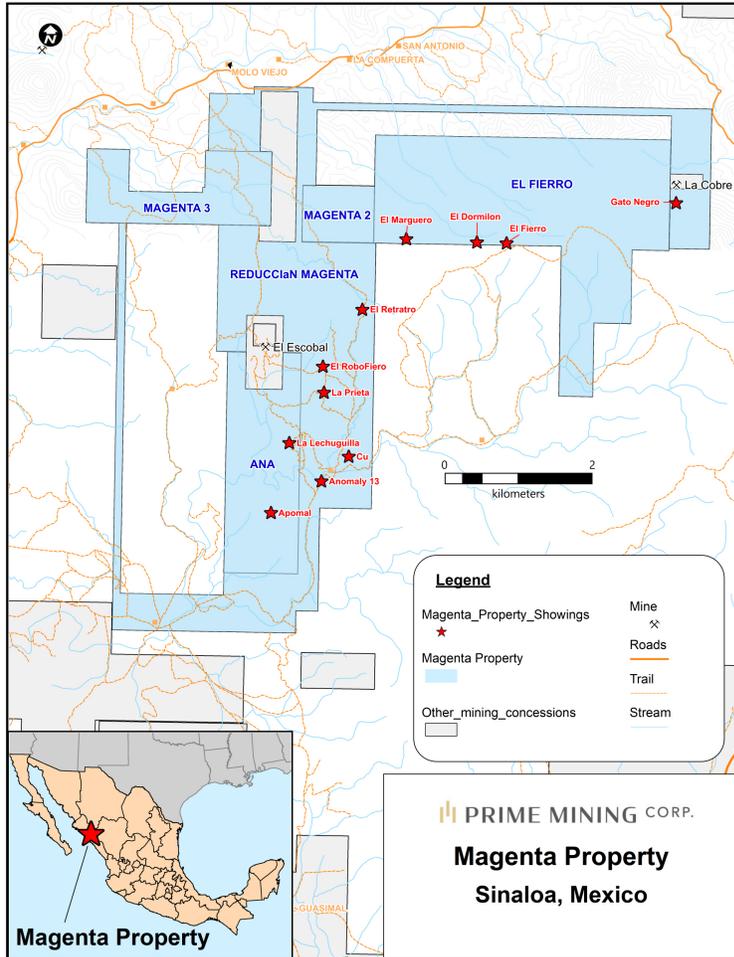
Coarse rejects and corresponding pulps from selected samples have been send to SGS Labs in Durango, Mexico, for third party assay check analysis. SGS uses a similar fire assay and acid digestion analysis technique as Bureau Veritas.

Bruce Kienlen, PGeo, VP Exploration for the Company, is the qualified person for the Los Reyes Project. Mr. Kienlen has reviewed and accepted these statements.

MAGENTA GOLD AND COBALT PROJECT, MEXICO

In December 2018, the Company entered into a definitive agreement to purchase Exploracion Auramex SA de CV and its Magenta Project in Sinaloa, Mexico, from Bowering Projects Ltd. for

US\$150,000 and 1,250,000 common shares. The claims are not subject to any royalties. The Company received TSX-V approval and issued 1,250,000 common shares in March 2019.



The Company has decided to focus on development of the Los Reyes property and does not expect to maintain its rights to the Magenta property. Accordingly, the Company fully impaired the carrying value of the property at April 30, 2020.

Bruce Kienlen, PGeo, VP Exploration for the Company, is the qualified person for the Magenta Project and has reviewed and accepted these statements.

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PANTHER CREEK COBALT PROJECT, IDAHO

In October 2017, the Company entered into a mineral property option agreement with Utah Mineral Resources LLC ("UMR") to earn up to a 100% interest in the Panther Creek cobalt project ("Panther Creek Project") located in the Idaho cobalt belt, which trends northwest-southeast for nearly 37 miles in east-central Idaho.

The Company has earned a 50% interest in the property and intends to enter into a joint venture agreement in accordance with the terms of the option agreement with UMR.

OPTION AGREEMENT

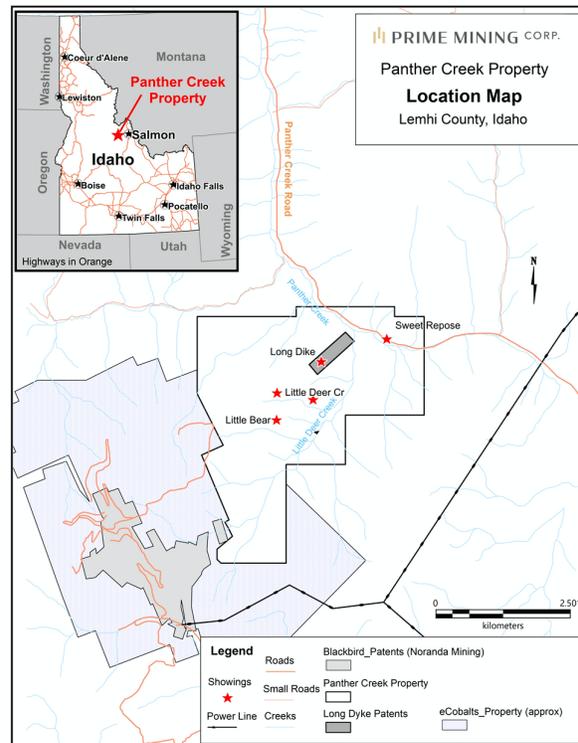
With effect from October 22, 2018, the Company and UMR amended the terms of the option agreement to defer project milestones. As amended, to earn 100% interest in the property the Company must make additional payments and expenditures as follows:

- paying an additional US\$150,000, in cash or shares at the Company's option, and incurring at expenditures of least US\$75,000 on the property by October 23, 2019 (incurred);
- paying an additional US\$150,000, in cash or shares at the Company's option, and incurring additional expenditures of at least US\$100,000 on the property by October 23, 2020; and
- incurring further additional expenditures of at least US\$200,000 on the property by October 23, 2021.

In addition, should Prime determine that proven and probable mineral resources, (as determined in compliance with NI 43-101, of at least 4,000,000 tonnes grading a minimum 0.25% cobalt, are contained within any portion of the property, on or before October 23, 2022, Prime will issue to UMR an additional 1,000,000 shares. Upon exercise of the option, UMR will retain and will be entitled to receive, a 2% NSR royalty on all product derived from the property.

The outlook for cobalt pricing is uncertain and the Company has decided to focus on development of the Los Reyes property. Prime does not expect to maintain its rights to the Panther Creek Project. Accordingly, the Company fully impaired the carrying value of the property at April 30, 2020.

Bruce Kienlen, PGeo, VP Exploration for the Company, is the qualified person for the Panther Creek Project. He has reviewed and accepted these statements.



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IKE GOLD PROJECT, YUKON

The Company owned 100% of the Ike gold project in the Selwyn Basin of Yukon. At October 31, 2018, the Company completed a review of the Ike gold project and, after considering its exploration priorities, the Company fully impaired the project's carrying value. The claims were in good standing until November 2019 but have now lapsed.

Bruce Kienlen, PGeo, VP Exploration for the Company, is the qualified person for the Ike gold project and has reviewed and accepted these statements.

FINANCIAL

The Company is a mineral exploration company and currently has no operating income or positive operating cash flows. The Company depends upon share issuances and property option agreements to fund its exploration activities and administrative expenses. It derives income from interest and property option proceeds. Operating losses are a consequence of general and administrative expenses exceeding investment income and option proceeds. The Company charges mineral property write-downs when mineral property assets have been impaired.

Amounts in the following discussion, other than per-share amounts, have been rounded to the nearest thousand dollars. Per-share amounts retroactively reflect the one-for-two share consolidation noted above.

SELECTED ANNUAL INFORMATION

During the last three years, the Company has not recognized any revenue, had any discontinued operations, extraordinary items or declared any dividends.

| | April 30 | | |
|-----------------------------------|--------------|-------------|-------------|
| | 2020 | 2019 | 2018 |
| | \$ | \$ | \$ |
| Loss for the year | (10,877,806) | (1,340,946) | (1,529,209) |
| Loss per share, basic and diluted | (0.24) | (0.08) | (0.15) |
| Total assets | 10,360,210 | 5,836,175 | 5,858,151 |
| Long-term financial liabilities | 64,304 | 10,346 | 14,789 |

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QUARTERLY RESULTS

During the most recent eight quarters, the Company has not recognized any revenue, incurred any extraordinary items or had any discontinued operations.

| Quarter Ended | Loss for the Period | Loss per Share Basic and Fully Diluted |
|------------------|------------------------|---|
| | \$ | \$ |
| July 31, 2018 | (440,297) | (0.03) |
| October 31, 2018 | (323,543) | (0.02) |
| January 31, 2019 | (400,669) | (0.02) |
| April 30, 2019 | (176,437) | (0.01) |
| July 31, 2019 | (362,424) | (0.02) |
| October 31, 2019 | (3,007,064) | (0.06) |
| January 31, 2020 | (851,653) | (0.01) |
| April 30, 2020 | (6,656,665) | (0.11) |

Significant variations in the results of operations for each quarter relate to:

- July 31, 2018 – The Company awarded options and incurred share-based compensation of \$139,000 as a result.
- October 31, 2018 - The Company impaired the carrying value of the Ike gold project and incurred a \$72,800 charge as a result.
- January 31, 2019 – The Company fully impaired the \$221,000 carrying value of its Brokopondo cobalt property.
- July 31, 2019 – The Company increased spending on management and communications in advance of closing the Los Reyes transaction.
- October 31, 2019 – The Company incurred several significant expenditures associated with the transformation of its business when it acquired an interest in the Los Reyes property that was reflected in increased investor relations, financing, personnel and share-based compensation expenses.
- January 31, 2020 – The Company undertook an additional investor communication program that resulted in a more significant loss.
- April 30, 2020 – The Company recognized an impairment provision of \$5,844,000 and share-based compensation of \$285,000.

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RESULTS OF OPERATIONS FOR THE YEAR

ADMINISTRATIVE AND OTHER EXPENSES

During the first and second fiscal quarters, the Company was focused on securing the acquisition of the Los Reyes property and the related financing, both of which closed in late August 2019. In September 2019, the Company began exploration work on the Los Reyes property with exploration continuing through to the end of the fiscal year.

A discussion of significant expenses and other items for the year ended April 30, 2020 follows:

- Consulting expense is for services that do not directly involve the day-to-day operations of the Company but concern topics such as strategic business and capital markets advice.
- Depreciation expense represents depreciation of equipment and, in the year-to-date fiscal period the right-of-use asset associated with the Company's office lease, a new asset resulting from the adoption of IFRS 16. Depreciation expense relating to the right-of-use asset was \$69,000 in fiscal 2020 with no expense in fiscal 2019.
- Foreign exchange represents changes in the value of monetary assets and liabilities denominated in foreign currencies. Most of this expense relates to liabilities of the Company's Mexican subsidiaries that are denominated in Mexican pesos and US dollars.
- Financing has several components: (1) After approval of the Los Reyes transaction in August 2019, the Company recorded interest, commitment fees and a share bonus on a bridge loan that formed part of the transaction. The share bonus had a fair value of \$400,000 and the interest had retroactive effect from the date of approval in August 2019 to the date that funds were advanced in April 2020. (2) An equipment lease. (3) In fiscal 2020 only, imputed interest on premises lease liability determined in accordance with IFRS 16.
- Investor relations expenses were incurred for news releases and communications programs, including participation at conferences. This expense includes fees paid to contractors who provided investor relations services. These activities increased significantly following the rebranding of the Company and the acquisition of an option to acquire Los Reyes. The third fiscal quarter expense was unusually high because, in January 2020, the Company undertook a major investor communications program at a cost of \$259,000.
- Personnel cost represents payments to the Company's officers and contractors providing business and operational services directly related to the Company's operations, except for amounts capitalized to exploration and evaluation assets. Personnel costs increased significantly following the purchase of the Los Reyes project in August 2019, with the addition of an executive chairman and a chief operating officer and contractors.
- Office expense represents general administrative costs, including rent in the comparative period.
- Professional fees comprise legal and audit fees in the ordinary course of business.
- Rent in the current period is reflected in depreciation and interest expenses in accordance with IFRS 16. Rent for the comparative period is grouped with office expense.

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- Property investigation and due diligence relates to the evaluation of potential target properties. The Company's accounting policy is to expense all investigation and exploration costs until the Company has secured exploration rights. As a result, initial expenditures of properties that are subsequently acquired may be expensed. Of the current period expense, about \$40,000 relates to the Los Reyes project before it met the test for capitalization of expenses.
- Regulatory and shareholder service costs relate to transfer agent fees, listing maintenance fees and similar costs. The expense increased in the current period particularly due to increased share issuance activity.
- Share-based compensation represents the fair value of stock options recognized over their vesting term, calculated using the Black-Scholes option-pricing model. In October 2019 and February 2020, the Company awarded 4,600,000 options and 750,000 options respectively to directors, officers and contractors. Most of these options vested at the date of grant and accordingly most of the expense associated with the options grant was recognized in applicable fiscal quarters.
- Recovery of rent and administrative expenses partially offsets depreciation, rent and office expense as described above. Fees charged for geological services partially offset personnel costs.

RESULTS OF OPERATIONS FOR THE FOURTH QUARTER

Operating expenses for the fourth fiscal quarter were significantly higher than in the comparative period and, apart from share-based compensation, higher than in the third fiscal quarter. In the comparative period, the Company was still evaluating potential projects and was able to maintain low overhead as a result. The factors affecting Prime's fourth quarter were broadly the same as for the year, as outlined above.

| Quarter ended April 30 | 2020 | 2019 |
|--|-----------|-----------|
| | \$ | \$ |
| Operating expenses | | |
| Interest | 35,762 | 289 |
| Investor relations | 247,824 | 6,424 |
| Personnel | 124,739 | 50,073 |
| Professional fees | 66,709 | 27,706 |
| Property investigation | - | 56,684 |
| Regulatory | 10,385 | 11,295 |
| Share-based compensation | 285,000 | 10,400 |
| Other | 65,024 | 47,456 |
| Interest | 35,762 | 289 |
| Loss for the period before other items | (835,443) | (210,327) |

To recover some of the rent and related administration expenses, the Company rents unused office space and subcontracts geological consulting services from time to time. The principal non-

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operating expense item was the impairment of the Panther Creek (\$4,690,000) and Magenta properties (\$1,154,000).

| Quarter ended April 30 | 2020 | 2019 |
|---|--------------------|------------------|
| | \$ | \$ |
| Loss for the period before other items | (835,443) | (210,327) |
| Recovery of rent and administration expenses | 22,672 | 22,385 |
| Geological services | - | 11,486 |
| Impairment of exploration and evaluation assets | (5,843,913) | - |
| Other | 19 | 19 |
| Loss for the period | <u>(6,656,665)</u> | <u>(176,437)</u> |
| Loss per share | <u>(\$0.11)</u> | <u>(\$0.01)</u> |

LIQUIDITY AND CAPITAL RESOURCES

At April 30, 2020, the Company had a working capital deficiency of \$427,000 including cash of \$1,021,000, compared to working capital deficiency of \$692,000 at April 30, 2019. Factors affecting the Company's liquidity are:

- The Company must undertake exploration and make cash progress payments to maintain its exploration property rights.
- The Company completed a private placement in June 2020 that raised gross proceeds of \$10,000,000;
- The Company repaid a loan of \$1,000,000 plus related finance costs (\$1,149,000 total obligation at April 30, 2020) in July 2020.
- The Company is committed to make payments under property and equipment leases totalling \$156,000 through fiscal 2023.

The Company will need to raise additional funds to fully develop its mineral properties. There can be no assurance that the Company will succeed in obtaining additional financing, now or in the future.

ADOPTION OF NEW ACCOUNTING POLICIES

In the year ended April 30, 2020, the Company adopted *IFRS 16 Leases*. Adoption of these accounting policies resulted in the Company recognizing a \$192,000 right-to-use asset and a corresponding \$192,000 lease liability. The differences between (1) depreciation of the right-of-use asset plus related interest and (2) the rent expense that would previously have been recognized is not material. However, the expenses are reclassified in the statement of comprehensive loss.

RELATED PARTY TRANSACTIONS

AGREEMENTS

In addition to Daniel Kunz's service as an officer of the Company, effective May 1, 2019, the Company entered into an agreement with Daniel Kunz & Associates LLC. ("DKA") such that DKA

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will provide engineering and management services as needed up to about 75 hours per month. DKA is a company beneficially owned by the Company's executive director. Services under the agreement are primarily provided by Daniel Kunz, Alexander Kunz and several associates retained by Daniel Kunz & Associates, LLC. Some associates bill at discounted hourly rates to provide geologic, engineering and metallurgical services as required. As payment for these services, the Company paid a cash fee of US\$42,000 upon completion of the Los Reyes transaction; a 12-month retainer of \$150,000 provided DKA subscribed to 500,000 units of the August 2019 financing which it did; and, beginning on completion of the Los Reyes transaction, a monthly fee of US\$10,500. Beginning in September 2020, the Company is to accrue a fee of US\$9,500 to be paid quarterly in cash or shares at the option of the Company. Other associates are charged out at US\$75 per hour.

In addition to the above payments, the Company granted an option to acquire up to 1,000,000 common shares at \$0.40 per share for a period of five years. In August 2020, the Company will grant DKA an option to acquire up to a further 1,000,000 common shares at the prevailing share price.

On the appointment of Daniel Kunz as chief executive officer of the Company in June 2020, the Company entered into a new agreement with DKA. The new agreement is for a term of 24 months but renews annually. The contract provides for an annual base fee of US\$200,000, options to purchase up to 1,000,000 common shares and a signing bonus of US\$200,000 subject to DKA subscribing for at least 800,000 units in the June financing, which it did.

The Company has an agreement to pay its COO a monthly fee of \$15,000 and the COO is entitled to receive a further bonus payment of US\$4,000 during the term of the contract. The agreement may be cancelled on 30 days' notice, but the Company has prepaid the first 12 months of the contract with a non-refundable payment of \$180,000. At April 30, 2020, the COO had earned the full amount.

In June 2020, the Company entered into a new agreement with its COO which provided for monthly fees of US\$10,000 per month and a one-time payment of US\$60,000 on acceptance of the contract subject to the COO arranging to subscribe for at least 120,000 units of the private placement that closed in June 2020 (see *June 2020 Private Placement* below), which he did. The contract may be terminated by either party on 30 days' notice.

The Company has an agreement to pay its VP exploration a monthly fee of \$15,000 and a one-time fees of \$60,000 applied against his monthly base fee at a rate of \$5,000 per month. The contract provides for a one-month notice period.

The Company paid its VP capital markets a monthly fee of \$5,000.

TRANSACTIONS AND BALANCES

In the fiscal year to date, Prime recorded fees of (1) \$20,680 to a company controlled by the Company's former CFO for his and related secretarial services; (2) \$60,000 to a company controlled by the Company's VP of capital markets (3) \$206,750 to a company controlled by the Company's VP exploration; (4) \$432,250 to a company controlled by Daniel Kunz, a director and officer of the Company, including \$21,518 for additional services of associates of that company; (5) \$249,881 to the Company's COO; and (6) \$115,500 to Michael Collins the Company's former CEO.

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At April 30, 2020, the Company owed \$30,000 to its COO.

In the year ended April 30, 2019, a company controlled by Andrew Bowering, a director and officer of the Company, lent the Company \$40,000 and in the period ended January 31, 2020 advanced a further \$65,000 to the Company. The Company repaid these advances without interest in the period ended January 31, 2020.

In fiscal 2020, the Company borrowed \$50,000 from its VP Capital Markets. This amount was repaid without interest within the fiscal year.

In fiscal 2019, the Company borrowed US\$150,000 (\$199,890) from a company controlled by the Mr. Bowering. The loan did not bear interest. In the period ended October 31, 2019, the Company repaid this loan.

As part of the Los Reyes transaction, the Company borrowed \$1,000,000 from Mr. Bowering subject to a 2% commitment fee (\$20,000), interest at 12% and issuance of 666,667 common shares as a bonus with an issue-date value of \$200,000. The transaction was approved and the shares issued in August 2019. Interest on the loan in fiscal 2020 was \$117,231.

All related party transactions have been recorded at the exchange amount, which is the amount of consideration agreed to between the parties.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist of cash, receivables, and accounts payable and accrued liabilities and lease liability. The carrying value of all the Company's financial instruments approximates their fair value except for cash. The fair value of cash is measured using level 1 inputs. It is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

The Company's activities expose it to a variety of financial risks, of which the primary ones are liquidity risk and foreign exchange risk. The Company does not have a practice of trading derivatives.

The Company manages liquidity risk by attempting to maintain adequate cash balances. If necessary, the Company may raise funds through the issuance of debt, equity or sale of non-core assets. The Company ensures that there is sufficient capital to meet its obligations by continuously monitoring and reviewing actual and forecasted cash flows, and matching the maturity profile of financial assets to development, capital and operating needs.

The Company is exposed to foreign exchange fluctuations, primarily on balances owed in US dollars and Mexican pesos.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company's policy is to capitalize exploration and evaluation costs in certain circumstances. The Company must exercise judgment in determining the value of those carrying costs and in assessing title to the underlying assets.

When the Company undertakes exploration work, it must estimate the cost of rehabilitating land in accordance with local laws and these estimates are subject to error.

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The Company has losses carried forward which should be available to offset any likely taxable income, but flow-through accounting requires estimates of tax effects that could be material.

Share-based payment transactions such as options are subject to assumptions which can have a material bearing on the recorded expense.

CHANGES TO EQUITY

All share numbers and per-share amounts below have been restated to reflect the one-for-two share consolidation that took effect on closing of the Los Reyes transaction.

OPTION ACTIVITY

In the fiscal year ended April 30, 2020, option holders forfeited options to acquire 925,000 common shares at \$1.36 per share, 230,000 common shares at \$0.40 per share and 20,000 common shares at \$0.44 per share. Of the forfeitures, 212,500 options at \$1.36 and 75,000 options at \$0.40 per share were voluntary.

In October 2019, the Company granted options to directors, employees and contractors to acquire up to 4,600,000 common shares of the Company at \$0.40 per share. In February 2020, the Company granted options to directors, employees and contractors to acquire up to 750,000 common shares of the Company at \$0.42 per share

Subsequent to April 30, 2020, the Company awarded 3,100,000 options at \$0.95 per share, 750,000 options at \$1.30 per share, 25,000 options at \$1.92 per share and 400,000 options at \$2.00 per share. Option holders exercised options and acquired 1,555,000 common shares at an average price of \$0.41.

WARRANT ACTIVITY

As part of the Los Reyes transaction, the Company issued warrants to MAI purchase up to 3,350,000 common shares at \$0.50 per share until August 28, 2021. In the related financing, the Company issued warrants to purchase up to 1,136,473 common shares to finders, also exercisable at \$0.50 per share until August 28, 2021.

In July 2019, warrants to purchase up to 263,250 common shares at \$0.30 per share expired unexercised. In December 2019, warrants to purchase up to 3,843,100 common shares at \$0.50 per share expired unexercised.

In the year ended April 30, 2020 warrants to purchase 12,500 shares at \$0.30 per share and 451,733 at \$0.50 per share were exercised. Subsequent to April 30, 2020, warrants to purchase 2,924,949 common shares at \$0.50 per share were exercised.

In June 2020, the Company paid an arm's-length financial advisory firm a fee of 1,200,000 warrants on the same terms as the warrants issued as part of the June private placement. The warrants are subject to a statutory hold period expiring October 13, 2020.

SHARE ISSUANCES

The Company issued shares on account of option and warrant exercises as noted above.

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AUGUST 2019 PRIVATE PLACEMENT

In connection with the Los Reyes transaction, the Company closed a non-brokered private placement of 29,051,327 subscription receipts at a price of \$0.30 per subscription receipt. On completion of the transaction, each subscription receipt converted into a unit of the Company. Each unit comprises one common share of the Company and one-half of a share purchase warrant. Each whole warrant entitles the holder to acquire a further common share at a price of \$0.50 per share until August 28, 2021. The Company paid finders' fees of \$360,465 and issued warrants to purchase up to 1,164,594 common shares at a price of \$0.50 per share unit August 28, 2021 to certain eligible parties who introduced subscribers to the financing.

The proceeds of the financing were intended to be used to advance exploration and development at Los Reyes, and to satisfy working capital requirements of the Transaction.

JUNE 2020 PRIVATE PLACEMENT

In June 2020, the Company closed a private placement of 20,000,000 units at a price of \$0.50 per unit for gross proceeds of \$10,000,000. Each unit consists of one common share and one common share purchase warrant exercisable at a price of \$1.10 until June 12, 2025. Clarus Securities Inc. and Desjardins Securities Inc. acted as co-lead agents in connection with completion of the offering. Net proceeds will be used by the Company for exploration and development of the Company's Los Reyes gold and silver property and for general corporate purposes. All securities issued in connection with the offering are subject to a statutory hold period expiring October 13, 2020. The Company paid a cash commission of \$397,200 and out-of-pocket costs of \$81,275 to finders in connection with the private placement.

LOS REYES

In August 2019, the Company issued 9,450,000 common shares to MAI, 1,333,334 common shares in respect of the loan bonuses and 556,250 common shares as finders' fee compensation. In December 2019, the Company issued an additional 330,000 common shares in connection with a finder's fee. See *Los Reyes Gold Project, Mexico* above for further particulars.

OUTSTANDING SHARE DATA

The Company has one class of authorized capital, being an unlimited number of common shares without par value. At the date of this MD&A, the Company has:

- A total of 84,079,331 common shares outstanding.
- Warrants to purchase up to 36,863,576 common shares.
- Options to purchase up to 8,160,000 common shares.

The maximum number of common shares that are potentially issuable is 129,102,907.

RISKS AND UNCERTAINTIES

Mineral exploration is inherently speculative in nature, is intensely competitive, and carries high risks. There can be no certainty that money invested in exploration and development will result in the discovery of a commercial ore body. Metal prices are commodity prices that are set in open auction markets and, accordingly, can be extremely volatile.

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The Company intends to focus on its mineral claims in Mexico that are subject to higher business risk than undertaking mineral exploration in Canada or the United States.

The Company has limited financial resources and no source of recurring income with which to cushion financial setbacks. If the Company is successful in discovering a commercial deposit at one of its properties, it will require additional funds for development, and there is no certainty that those funds will be forthcoming. Failure to obtain funding could adversely affect the ability of the Company to maintain its properties.

CORPORATE GOVERNANCE

For the board of directors to be assured that an accurate record of what has happened in the Company, and that what has happened was correctly entered into with the appropriate due diligence and legal and accounting records, the Company has put in place internal controls to enhance compliance and the reliability of financial reporting. These internal control and governance procedures have been documented in a code under which the board of directors, its committees, the officers of the Company and its employees and contractors are required to operate.

Management believes that the Company's accounting systems, staffing, policies and procedures are appropriate to the size and nature of the Company's operations. Management oversight and approval of transactions and disbursements limits the scope for inappropriate transactions and a qualified audit committee oversees the Company's financial reporting.

The board of directors has two standing committees to which management reports. The audit committee receives the quarterly financial statements prepared by management and reviews them, reviews the contributing procedures and controls of the Company and reviews the engagement of the Company's auditor. The compensation committee approves management salaries and expenses. Corporate governance is treated as a matter for the board as a whole. The health and safety committee provides oversight regarding environmental permitting, compliance and stewardship, employee and contractor safety and health; and corporate social responsibility and community relations. The board meets quarterly, more or less, as required.

OUTLOOK

The year ended April 30, 2020 was the close of a transformative year for Prime Mining Corp. The hallmark was the announcement of Prime's first technical resource report for Los Reyes on April 2, 2020. Los Reyes is now on track to experience yet another makeover as our current exploration program progresses to help identify the true size and value of this significant gold and silver deposit. With the acquisition of 100% ownership of Los Reyes complete, our board and management team strengthened, a \$10 million strategic financing closed, and the global gold

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market undergoing historic strengthening, the prospects are good for a major increase in the value of our company in the coming fiscal year.

On behalf of the board of directors,

"Daniel Kunz"

Daniel Kunz
CEO and Director

August 14, 2020

CORPORATE DIRECTORY

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Daniel Kunz
Paul Larkin
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OFFICERS

Daniel Kunz, CEO
Andrew Bowering, Executive Vice President
Gregory Liller, COO
Ian Harcus, CPA, CA CFO
Alex Tsakumis, VP Investor Relations
Bruce Kienlen, P. Geo, VP Exploration

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BANKERS

Bank of Montreal
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AUDITORS

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SHARE LISTING

TSX Venture Exchange
Trading Symbol: PRYM

CAPITALIZATION

Common shares
Authorized: unlimited
Issued: 84,079,331