

Prime Mining Reports Operating and Financial Results for Q3 2021

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VANCOUVER, March 29, 2021 - [Prime Mining Corp.](#) ("Prime", or the "Company") (TSX.V: PRYM) (OTCQB: PRMNF) (Frankfurt: O4V3) is pleased to report its operating and financial results for the third quarter of fiscal year 2021, ended January 31, 2021. Unless otherwise stated, all amounts are presented in Canadian dollars ("C\$").

Prime is focused on the exploration and development of its wholly owned Los Reyes Gold-Silver Project in Sinaloa State, Mexico ("Los Reyes" or the "Project").

Corporate Highlights During The Quarter

On January 11th, Prime paid US\$ 1.1 million to Vista Gold Corp. ("Vista") in accordance with the terms of Los Reyes project acquisition agreement. The Payment resulted in Prime extinguishing certain royalty and back-in rights on underground mining operations (see July 20, 2020 news release). In light of recent bonanza-grade discoveries at depth in Guadalupe East and other areas northeast, at and toward Mina 20/21 (see March 18, 2021 news release), cancellation of the back-in right was timely and of good value. A final payment of US\$ 1.0 million is due in July 2021.

Exploration During The Quarter

On November 24, a 15,000 metre (m) Phase 1 diamond drilling program commenced at Los Reyes with two drills. Initially, drilling targeted the Zapote North and Zapote South-Tahonitas deposits, two of the largest of eight known gold and silver deposits at Los Reyes. After initial delays, the Phase 1 drill program was well underway by the end of the quarter and 5 drill holes totaling 1,053 m were completed.

Subsequent to the end of the quarter, two more drills were mobilized to Los Reyes. There are now five diamond drills operating, a fifth drill having been mobilized to the property in late February. The principal objectives of the Phase 1 drill program are:

- Expand the known in-pit resources along strike and down dip;
- Infill drill areas of potential mineralization to increase measured and indicated category resources;
- Provide silver assay data in areas of the resource, where data is missing in the results of reverse circulation ("RC") drilling completed by prior operators;
- Target deeper sections at Guadalupe East and other extensions of the historic Guadalupe mine to the east, and at depth, for high grade resources; and
- Target undrilled mineralized structures such as Fresnillo, Las Primas, Orito and newly identified structures proximal to Guadalupe (Mina 20/21). These structures offer both open pit and significant underground opportunities for resource expansion and discovery.

The current re-interpretation of the controlling structures for the mineralization at Guadalupe East, in particular, the bonanza grade Estaca Vein, suggests that the majority of historic drilling failed to consistently reach the interpreted mineralized vein contact. As a result, it is believed that a significant opportunity exists to develop underground resource potential, with the Estaca Vein being virtually untested at depth or along strike at depth.

Complementing current drilling, crews continue the on-going program of re-logging 89 historic diamond drill holes completed by prior operators, as part of Prime's efforts to unlock the geology and structural setting of this large epithermal system.

Prime's "boots and hammer" field crews continued the program of surface prospecting, mapping, sampling

and trenching. Significant new exploration targets identified by this program include El Orito, Orito Sur, Mina 20/21. Additionally, new infill trench results from Zapote North continued to identify high-grade mineralization including 34.5 m of 2.12 gpt gold ("Au") and 18.8 gpt silver ("Ag").

Figure 1. Principal Deposits and Exploration Targets

<https://www.globenewswire.com/NewsRoom/AttachmentNg/0ecd1088-de24-44ad-9068-7b3f7c49648a>

Other continuing themes and activities that are critical to progress and the overall success of the Project include:

Maintaining health and safety protocols. To-date, the efforts of the Company's employees, contractors and suppliers have been largely successful in minimizing the impact of Covid-19 on operations, however Covid-19 remains a potential threat to the estimated project timelines.

Continuing our community engagement programs. In particular, managing scarce water resources during the dry season, to provide for community livestock water requirements while servicing water used in drilling operations.

Following best practices in environmental stewardship. Providing access to new drill sites by re-habilitating existing access roads and trails.

3rd Quarter Financial Highlights

	Q3 2020
Loss and comprehensive loss	(\$8,565,542)

	April 30, 2021
Cash	\$5,820,820
Total assets	\$20,368,220
Total current liabilities	\$6,749,378
Total liabilities	\$1,880,982
Total shareholders' equity	\$20,487,238

During the quarter, \$ 1.1 million was spent on exploration. The other major expense incurred was the US\$ 1.1 million payment to Vista in satisfaction of agreements covering Prime's purchase of Los Reyes and the formerly retained royalty and project participation back-in rights in favour of Vista. No other significant costs or expenditures were incurred during the quarter, outside of general and administrative expenses.

Exercise of outstanding share purchase warrants and some employee stock options resulted in \$ 0.9 million being added to Prime's cash position. At quarter end, Prime was well-financed with \$ 5.8 million in cash.

Subsequent Events

An update on exploration activities that included the first release of assay data from the Phase 1 program (see news release March 18, 2021). Prime highlighted:

- Assay results from diamond drill hole 21GE-01 which intersected gold and silver mineralization at the Guadalupe East deposit in the bonanza grade Estaca vein, 40 m below the known historic workings and 150 m below the deepest recorded historic drill hole. 21GE-01 intersected 20.1 m at 3.25 g/t Au and 380.0 gpt Ag, including 6.5 m at 6.51 gpt Au and 587.5 gpt Ag. At 320 m below surface, this vein intercept is the deepest exploration drilling ever at Los Reyes. For a complete description of 21GE-01 and historic deep drilling at Guadalupe East (refer to March 18, 2021 news release).

- Mapping and prospecting results from previously unidentified historic adits located 1.3 kilometres northeast of the Guadalupe East deposit that contained high-grade mineralization. One area, referred to as Mina 20/21, has evidence of small-scale mining and gold-silver extraction. Surface and underground sampling in this area returned 42 chip sample assay results ranging 0.015 to 29.8 gpt Au and 0.5 to 1,132 gpt Ag. The best chip assay result returned 2.3 m grading 29.8 gpt Au and 1,132 gpt Ag.
- Filing an application for mineral rights increasing the Los Reyes land package to over 13,800 hectares.

To date, drill crews have completed 4,896 m of drilling in 23 diamond drill holes. Upon completion of the Phase 1 program, the rainy season drilling break will be used to complete an updated geological model incorporating the historic data collected by prior operators, the results of the Phase 1 drill program and the results of the surface mapping and prospecting program. This updated geological model will be the first model that looks at the property-wide potential of the low sulphidation epithermal system at Los Reyes.

Additional planning is underway on an expanded Phase 2 program of resource expansion and exploration drilling to determine the full potential of Los Reyes. Phase 2 drilling will start after the rainy season in November 2021.

Kerry Sparkes, P.Geo., Executive Vice President of Exploration, is a qualified person for the purposes of National Instrument 43-101 and has reviewed and approved the technical content in this news release.

About the Los Reyes Gold and Silver Project

Los Reyes is a district scale low sulphidation epithermal gold-silver project located in a prolific mining region of Mexico. Over \$ 20 million in exploration, engineering and prefeasibility studies have been spent on the project over 2 1/2 decades by previous operators with development plans being held back due to declining gold prices. Historic data coupled with an existing and recently updated resource estimate has provided sufficient understanding to fast-track the project to production. However, there is substantial resource expansion upside based on open extensions of known deposits, multiple untested high priority exploration targets, and only 40% of the known structures systematically explored leaving 10 kilometres of untested strike length. Potential for significant growth of the resource remains strong.

Current Measured and Indicated category, pit-constrained oxide mineral resources include 19.8 million tonnes ("Mt") containing 633,000 ounces of gold at 1.0 g/t and 16,604,000 ounces of silver at 26.2 g/t, plus an additional 7.1 Mt Inferred category resources containing 179,000 ounces gold at 0.78 g/t and 6,831,000 ounces silver at 30 g/t.

About Prime Mining Corp.

[Prime Mining Corp.](#), a member of the TSX Venture 50, is an ideal mix of successful mining executives, strong capital markets personnel and experienced local operators who have united to build a low cost, near-term gold producer at the historically productive Los Reyes project in Mexico. Prime has a well-planned capital structure with significant team and insider ownership.

The TSX Venture 50 is a ranking of the top performers in each of 5 industry sectors on the TSX Venture Exchange over the last year.

ON BEHALF OF THE BOARD OF DIRECTORS

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