

Prime Mining Reports Operating and Financial Results for Q2 2020

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VANCOUVER, Dec. 14, 2020 - [Prime Mining Corp.](#) (the "Company") (TSX.V: PRYM) (OTCQB: PRMNF) (Frankfurt: A2PRDW) is pleased to report its operating and financial results for the three months ended October 31, 2020. Unless otherwise stated, all amounts are presented in Canadian dollars ("C\$").

Prime Mining is focused on the development of the Los Reyes Gold-Silver Deposit in Sinaloa Mexico.

Prime Mining's Chief Executive Officer Daniel Kunz commented, "We are extremely pleased with the continued progress made during the quarter as Prime Mining and our Los Reyes project continue to evolve. The appointment of three key individuals both corporately and in operations has materially strengthened our management team. On the ground, we continued our comprehensive exploration program of field mapping, core re-logging and trench sampling. In December we started our highly anticipated diamond drill program, which now has been expanded from 10,000 metres to 15,000 metres, intended to upgrade and expand the current resource and test high-potential targets defined by our surface mapping and core re-logging program."

CORPORATE HIGHLIGHTS

The Company was pleased to welcome three additions to senior management.

On August 4th Ian Harcus was appointed Chief Financial Officer (CFO), bringing over 12 years of financial and accounting experience. As a Chartered Professional Accountant, 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 CFO and Vice President Finance at Alio Gold Inc., prior to its acquisition by Argonaut Gold Inc. He has held public accounting positions with Grant Thornton LLP and Ernst and Young.

On October 13th Kerry Sparkes was appointed Executive Vice President Exploration. As a registered professional geologist and Qualified Person in British Columbia and Newfoundland, he brings over 30 years of experience in the mineral exploration as an exploration geologist and a senior mining executive. Mr. Sparkes recently retired after 7 years as Vice President Geology for [Franco-Nevada Corp.](#) and co-founder and director of Orla Mining Ltd. He also serves as a director of [Aurion Resources Ltd.](#)

On October 13th Mario Castellanos was appointed as Project Manager to provide day-to-day management of the Los Reyes exploration program. Ing. Castellanos is a geologist and a Principal of Resource Geosciences Incorporated, a company with over 20 years' experience working on exploration projects in Mexico.

The Company's Board of Directors has approved the granting of incentive stock options to a consultant to purchase up to 125,000 common shares in the capital stock of the Company, at a price of \$1.75 per share, for a period of 5 years from the grant date. The options will vest 1/3 immediately as of the date of grant; 1/3 six months after the date of the grant; and 1/3 twelve months after the date of the grant. This stock option grant is subject to acceptance by the TSX Venture Exchange.

EXPLORATION HIGHLIGHTS

Significant exploration progress has been made at Los Reyes including:

- Field mapping, trench sampling and re-logging of historic diamond drill core, which aided the initial structural and rock alteration interpretations prior to the commencement of drilling.
- The Company's first diamond drill program began on December 1. Based on targets identified to-date, this Phase 1 drill program has been expanded from 1,000 metre (m) to 15,000 m.
- The diamond drill program results, coupled with the 8 known deposits, are key to development of the first wireframed and integrated geological, structural and alteration model to serve as the framework for advanced exploration and discovery of new deposits at Los Reyes.
- Drilling will initially focus on the Zapote North, Zapote South-Tahonitas, San Miguel and Noche Buenos deposits and their associated structural trends. The objective of Phase I drilling is to upgrade Inferred resource category material to Measured and Indicated resource categories; drill into the up and down dip areas to infill and expand the deposits; acquire silver assays in certain areas where they are absent in the historical data, and test new targets developed from surface mapping, re-logging and re-interpretation of the geology at Los Reyes.
- This Phase 1 drill program will provide an initial test of our exploration model and is expected to be completed by June 2021. A follow-up drill program that tests the ultimate potential of the eight or more deposits at Los Reyes is planned for the second half of 2021 recognizing that drilling will be halted from mid-August through September during the peak rainy season.

To date we have completed over 6,226 assay samples for approximately 8,200 m. The breakdown includes 3,457 trench samples and 2,769 road and prospecting samples.

On August 19th, the Company reported more significant surface mineralization at Los Reyes. Surface trench

- Surface trench NB-4490N returned 42.0 m at 1.93 grams per tonne (g/t) gold (Au) and 25.7 g/t silver (Ag). Based on area mapping, trench NB-4490N has an 18.0 m estimated true width (etw). This trench included a 9.0 m interval (4.0 m etw) with 7.46 g/t Au and 98.1 g/t Ag. Sampling started in mineralization and crews are extending the trench to ensure the full width of the zone is tested.
- These results show that grades and widths of the mineralized structure at the south end of Noche Buena are consistent with subsurface historic drilling results. Noche Buena remains open along southeast strike.

On October 26, the Company reported sampling results from Guadalupe East continues to demonstrate resource expansion potential.

- Rock chip sampling inside the old, existing mine adit GE-Adit 17 returned 2.21 g/t Au and 95 g/t Ag over 46 m, including 29.0 g/t Au and 226 g/t Ag over 2.0 m.
- Two other veins in GE-Adit 17 were also sampled, returning 0.84 g/t Au and 37.7 g/t Ag over 4.5 m and 0.76 g/t Au and 23.6 g/t Ag over 6.0 m, respectively. These veins may be a continuation of the San Manuel vein system and the results suggest that the Guadalupe system remains open to the east where historic drilling has not occurred.
- Sampling results from existing mine adit GL-Adit 20 returned 1.69 g/t Au and 62.3 g/t Ag over 19.5 m, including 4.55 g/t Au and 121.4 g/t Ag over 3.0 m.
- Results from existing adit GE-Adit 25, further to the north, returned gold and silver mineralization that demonstrates this part of the San Manuel vein system within Guadalupe is also underexplored and merits additional exploration work.

Q2 2020 FINANCIAL HIGHLIGHTS

Net Loss Q2 2020 Q1 2020
Total (1,656,466) (2,338,461)

| | October 31, 2020 | April 31, 2020 |
|---|------------------|----------------|
| Cash, cash equivalents and short-term investments | 7,678,959 | 8,032,658 |
| Total Assets | 21,590,035 | 21,271,577 |
| Total Current Liabilities | 655,545 | 1,799,678 |
| Total Liabilities | 1,668,247 | 1,863,982 |

| | | |
|----------------------------|------------|-----------|
| Total Shareholders' equity | 19,921,788 | 8,496,228 |
|----------------------------|------------|-----------|

QA/QC Protocols and Sampling Procedures

Surface sampling is targeting wide outcropping zones of hard quartz bearing altered bedrock. In hand dug trenches, local shallow overburden is removed to expose the mineralized bedrock material. Sample collection consists of crews, using hammers and chisels, chipping continuous 1.5 m channels to produce approximately 8 to 10 kilograms of material for each 1.5 m sample interval. The larger rocks within the collected material is then broken with a hammer to homogenize them to a standard size. On a canvas mat the collected material mixed, divided, and bagged. The bagged samples are then trucked to a lab for prep and assay. Similar samples are also collected from exposed road cuts and from open underground adit areas across mapped and unmapped structures. True widths of mineralized zones have not been calculated from the surface samples except where specified. Assay results range from below detection to 48.30 g/t gold and 1,250.0 g/t silver. Composite intervals use a cut-off grade of 0.2 g/t gold.

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 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. 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. Bureau Veritas is an ISO/IEC accredited laboratory.

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.

Los Reyes Gold and Silver Project

The Los Reyes Gold-Silver Project is district scale epithermal gold-silver project in a prolific mining region of Mexico. Mineralization in the Los Reyes area is typical of low sulfidation epithermal gold/silver systems. Over \$20 million in exploration and engineering has already been spent on the project over 2 1/2 decades. Previous operators completed various prefeasibility studies and plans yet held back from development due to declining gold prices. While work completed has provided sufficient understanding of resources to fast-track Los Reyes to production, the bulk of work at Los Reyes has been conducted over less than 40% of the known structures leaving significant opportunity to expand known resources. Current Measured and Indicated pit-constrained oxide mineral resources for the Property include 19.8 million tonnes containing 633,000 oz Au at 1.0 gpt and 16,604,000 oz Ag at 26.2 gpt. Los Reyes holds substantial resource upside based on open extensions of known resources, ten kilometres of undrilled strike length and at least eight additional exploration targets.

About Prime Mining Corp (TSX.V: PRYM) (OTCQB:PRMNF)

Prime is an ideal mix of successful capital markets and mining executives and experienced local exploration personnel who are expanding the exploration initiative at the historically productive Los Reyes gold and silver project in Sinaloa, Mexico. Current Measured and Indicated pit-constrained oxide mineral resources for the Property include 19.8 million tonnes containing 633,000 ounces of gold at 1.0 g/t and 16,604,000 ounces of silver at 26.2 g/t. Inferred pit-constrained oxide mineral resources include 7.1 million tonnes containing 179,000 ounces of gold at 0.78 g/t and 6,831,000 ounces of silver at 30.0 g/t. Los Reyes holds substantial resource upside based on open extensions of known resources, ten kilometres of undrilled strike length and at least eight additional exploration targets. Prime Mining has a well-planned capital structure with significant management and insider ownership.

ON BEHALF OF THE BOARD OF DIRECTORS

Daniel Kunz
Chief Executive Officer

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