



*Formerly ePower Metals Inc.*

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**APRIL 30, 2019**

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# Prime Mining Corp.

*Formerly ePower Metals Inc.*

Management's Discussion and Analysis

Period Ended April 30, 2019

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## TABLE OF CONTENTS

The Company's Business .....	1
History of the Company .....	1
Business Highlights.....	1
Board and management .....	2
Los Reyes Gold Project, Mexico.....	4
Mineral Properties.....	7
Magenta Gold and Cobalt Project, Mexico.....	7
Panther Creek Cobalt Project, Idaho.....	9
Brokopondo Cobalt Property, Suriname.....	12
Ike Gold Project, Yukon.....	13
Financial.....	13
Selected Annual Information .....	14
Quarterly Results.....	14
Results of Operations for the Year .....	15
Results of Operations for the Fourth Quarter .....	16
Liquidity and Capital Resources.....	17
Adoption of New Accounting Policies.....	18
Related Party Transactions .....	18
Financial Instruments and Financial Risk Management.....	19
Critical Accounting Estimates and Judgments .....	19
Changes to Equity.....	19
Option Activity .....	19
Warrant Activity .....	20
Share Issuances.....	20
Outstanding Share Data.....	21
Risks and Uncertainties .....	21
Corporate Governance .....	21
Outlook.....	22

# Prime Resources Corp.

Formerly ePower Metals Inc.

Management's Discussion and Analysis

Year Ended April 30, 2019

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*The following is management's discussion and analysis ("MD&A") of Prime Mining Corp., formerly ePower Metals Inc., (the "Company" or "Prime"), prepared as of August 28, 2019. This MD&A should be read together with the audited financial statements for the year ended April 30, 2019 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, 2019 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](http://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" 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 Resources Corp. Prime is a reporting issuer in British Columbia and Alberta, and is 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 was been adversely affected by both a decline in the price of cobalt since March 2018 and by political and social conditions affecting the feasibility of developing the Brokopondo Property in Suriname. These developments lead the Company to defer cobalt exploration until market conditions improve and to direct its efforts to developing gold properties with the potential to be brought to near-term production.

- In March 2019, the TSX-V approved the Company's purchase of Exploracion Auramex SA de CV ("Auramex").
- In April 2019, the Company made changes to its board of directors and management. Andrew Bowering, Gregory Liller and Jorge Ramiro Monroy were appointed to the board.

## Prime Resources Corp.

*Formerly ePower Metals Inc.*

Management's Discussion and Analysis

Year Ended April 30, 2019

---

of directors. Andrew Bowering was appointed as Chief Executive Officer, Gregory Liller was appointed as Chief Operating Officer, Michael Collins was appointed as Vice-President of Operations and Alex Langer has been appointed as Vice-President of Capital Markets. See *Board and Management* below.

- In June 2019, the Company entered into a definitive agreement to acquire a 100% interest in the Los Reyes Gold project in Mexico. See *Los Reyes Gold Project, Mexico* below.
- In August 2018, the Company raised gross proceeds of \$8,715,398 in conjunction with the Los Reyes Project through the issuance of 29,051,327 subscription receipts at a price of \$0.30 per subscription receipt. Immediately prior to closing the financing, the Company consolidated its share capital on a one-for-two basis. See *Los Reyes Gold Project, Mexico* and *Private Placement* below. All share and per-share amounts have been restated retroactively to take effect of the share consolidation.
- In August 2019, Daniel Kunz joined the board of directors as Executive Chairman and Paul Larkin and Bruce Durham joined the board of directors.

### BOARD AND MANAGEMENT

Between April and August 2019 the Company made changes to its board of directors and management. Andrew Bowering, Gregory Liller Jorge Ramiro Monroy, Daniel Kunz, Paul Larkin and Bruce Durham were appointed to the board of directors. Daniel Kunz was appointed Executive Chairman, Bruce Durham joined the board of directors as MAI's nominee. Andrew Bowering was appointed as Chief Executive Officer, Gregory Liller was appointed as Chief Operating Officer and Alex Langer was appointed as Vice-President of Capital Markets.

As part of the reorganization of the board, Alan Savage, Gregg Bruce and Fred Tejada stepped down from the board. In addition, Michael Collins, who had served the Company as CEO, and subsequently as vice-president of operations, and a director, is stepping down.

#### *Daniel Kunz, Executive Chairman, and Director*

Professional engineer with over 30 years of experience in mining, construction and financing of global resource projects. Former CEO of Ivanhoe Mines Ltd., founder and CEO of US Geothermal Inc. Served as senior management and/or president level; Morrison Knudson Corporation and MK Gold Company. MBA, BSc Engineering Science and Associate of Accounting degree.

#### *Andrew Bowering, Chief Executive Officer and Director*

Andrew Bowering is a venture capitalist with 30 years of operational experience and leadership in mineral exploration and development worldwide. He has founded, funded and built teams that have operated numerous companies in the pursuit of precious, base and industrial metals from early exploration through to production. Mr. Bowering is an owner and founder of Sunrise Drilling Ltd. and has owned and operated drilling companies for the past 20 years. Mr. Bowering has served as an officer or director of public companies on the TSX-V, the TSX main board and the American Stock Exchange including Caldera Environmental Corp., Pinnacle Mines Ltd., ATW Gold Corp., Cap-Ex IronOre, Millennial Lithium Corp, and American Lithium Corp.

## **Prime Resources Corp.**

*Formerly ePower Metals Inc.*

Management's Discussion and Analysis

Year Ended April 30, 2019

---

### *Gregory K. Liller, Chief Operating Officer and Director*

Gregory Liller obtained a Bachelor of Geology from Western Colorado University in 1977. He has more than 40 years' experience in mineral exploration and mine development. Mr. Liller has seen multiple projects in which he played key roles become mines and was responsible for managing the exploration and development of reserves and resources at these operations. Mr. Liller has served as an officer or director of public companies listed on the TSX-V, the TSX main board, and the American Stock Exchange including Genco Resources Ltd. (TSX), GammonGold Inc. (TSX, AMEX), Mexgold Resources Inc. (TSX-V) and Oracle Mining Inc. (TSX). Over the course of his career he has played a key role securing over \$300 million in equity financings and \$100 million in debt financing.

### *Jorge Ramiro Monroy, Director*

Jorge Ramiro Monroy is a founder and Managing Director of Emerging Markets Capital which is a mining focused investment firm based in Hong Kong focused on Asia-Latin America cross-border investments. Over the years he has advised and raised capital for numerous TSX companies including MAG Silver, IAMGOLD, and Pretivm. Jorge's connections to the Asian capital markets and his experience and connections with the Mexican resource sector are expected to prove valuable to the Company and the management team. Jorge holds a Bachelor's degree from the State University of New York, an MBA in Finance from the Hong Kong University of Science and Technology.

### *Paul Larkin, Director*

Over 35 years leading New Dawn Group, an investment and financial consulting firm that specializes in corporate finance, merchant banking and administrative management. Mr. Larkin was an investment banker prior to founding New Dawn. He has been a director and officer of various TSX, NYSE and TSX-V listed companies. Founding partner, director and Chairman of the audit and strategic Committees of US Geothermal Inc., a leading renewable energy company sold in 2018 for over US\$200 million enterprise value.

### *Bruce Durham, PGeo, Director*

Bruce Durham has been involved in the mining and exploration industry for over 40 years and is currently the President and CEO of Nevada Zinc Corporation. He was an integral member and leader of various exploration teams credited with the discovery of several significant deposits including the David Bell and Golden Giant gold mines in Hemlo, Ontario and the Redstone Nickel and Bell Creek gold mines in Timmins, Ontario. More recently Mr. Durham served as Vice President Exploration then President and CEO of Canadian Royalties during a period when that company discovered several Ni-Cu-PGE deposits in the Raglan area of Quebec, which have since become mines. Mr. Durham holds a Bachelor of Science degree in geology from Western University.

### *Alex Langer, Vice President of Capital Markets*

Alex Langer is a successful public markets specialist with over 15 years of experience in all aspects of equity financing. He started his career as an Investment Advisor with Canaccord

## Prime Resources Corp.

*Formerly ePower Metals Inc.*

Management's Discussion and Analysis  
Year Ended April 30, 2019

---

Wealth Management, where he helped fund over 100 private and publicly listed companies in various sectors including technology, mining, health care, forestry, and green technology. Mr. Langer was instrumental in the recent success of Millennial Lithium Corp., bringing key financial support and industry partners from his global connections. Alex has worked with numerous private and publicly traded companies and has contributed upwards of \$300 million in financial support to his clients.

### LOS REYES GOLD PROJECT, MEXICO

In June 2019, the Company entered into a definitive assignment and assumption agreement (the "Assignment Agreement") with Minera Alamos Inc. ("MAI"), Vista Gold Corp. ("Vista Gold"), and the Mexican subsidiaries of each of MAI and the Company, pursuant to which MAI will assign the rights to an option (the "Transaction") to earn a 100% interest in the Los Reyes Gold Project ("Los Reyes") 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 Corp. ("**Vista Gold**"). The Company is at arms'-length from each of MAI and Vista Gold.

#### *Terms of the Transaction*

To acquire MAI's interest in Los Reyes, 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 due October 27, 2019; and
  - US\$1,500,000 on the earlier of October 27, 2021 or a production decision.
- 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.
- Entered into a governance agreement, providing for, among other things, MAI receiving the right to appoint one director to the board of the Company 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.

Concurrently with the entering into of the Assignment Agreement, the Company entered into a governance and investor rights agreement (the "Governance Agreement") with MAI. Pursuant to the terms of the Governance Agreement, among other things, upon completion of the Transaction, MAI will receive the right to appoint one director to the board of the Company for so long as MAI holds at least 5% of the Company's outstanding common shares and to participate in future financings and transactions completed by the Company in order to maintain its pro rata equity interest in the Company. Bruce Durham joined the board of directors as MAI's initial nominee under the Governance Agreement.

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 CEO), George Dengin and Perfect Storm Holdings Ltd. (the "Lenders"). The Bridge Loan is unsecured,

## **Prime Resources Corp.**

*Formerly ePower Metals Inc.*

Management's Discussion and Analysis  
Year Ended April 30, 2019

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bears interest at a rate of 12% per year, compounded monthly, and has a term of 12 months. The loan was subject to TSX-V approval which was not granted prior to the Company's April 30, 2019 year end.

In consideration for providing the Bridge Loan, the Company is required to pay a commitment fee of \$40,000 (the "Commitment Fee") and issued 1,333,334 common shares to the Lenders (the "Bonus Shares").

In the event the Assignment Agreement is terminated for any reason, the obligation of the Company to repay the Bridge Loan, and issue the Bonus Shares, will be extinguished and thereafter the Company's only obligation to the Lenders will be with respect to payment of the Commitment Fee and any interest previously accrued. Following termination of the Assignment Agreement, MAI will have no obligation whatsoever to the Company in respect of the Deposit and the Deposit will form the basis of a private placement to be completed by MAI with the Lenders.

In consideration for introducing the Transaction to the Company, and for assisting in its facilitation, the Company issued 1,216,250 common shares (the "Finders' Shares") to two arms'-length parties (collectively, the "Finders"), Jeremy Ross and Sandwedge Consulting Ltd. A total of 556,250 Finders' Shares were issued completion of the Transaction, with a further 330,000 Finders' Shares to be issued upon completion of each of the October Payments.

The Transaction constitutes a "fundamental acquisition" for the Company, under the policies of the Exchange, on the basis that the Company intends to devote the majority of its resources to the development of Los Reyes following completion of the Transaction. As a result, trading in the Company's common shares was halted, at the request of the Company, pending completion of filings with the Exchange in connection with the Transaction. It is anticipated that trading will remain halted until after the Transaction has been completed.

All securities of the Company issued to MAI, in connection with the Transaction, are be subject to a four-month statutory hold period expiring in December 2019, as well as further resale restrictions which will require MAI to notify the Company in advance of the disposition of any securities of the Company.

### *The Los Reyes Project*

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. Recent development work has focused on conventional milling and carbon in leach extraction of gold and silver. The Company envisions a simple heap leach operation that potentially has significantly lower capital costs and shortened time line to production. Los Reyes has significant resource upside with open extensions to known resources as well as eight additional discrete exploration targets.

## Prime Resources Corp.

*Formerly ePower Metals Inc.*

Management's Discussion and Analysis  
Year Ended April 30, 2019

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Los Reyes has a historical estimate of:

	Tonnes Kt	Au oz	Au g/T	Ag oz	Ag g/T
Indicated	6,843	380,100	1.72	6,315,300	28.71
Inferred	3,200	155,200	1.49	3,639,000	34.87
Including					
San Miguel Indicated	459	47,100	3.19	1,141,800	77.37
San Miguel Inferred	583	41,500	2.21	1,215,000	64.75

The resource model for Los Reyes was prepared by Tetra Tech, Inc. of Golden, Colorado for MAI. The mineral resource estimate has an effective date of February 8, 2013 and is presented in a geological report which was most recently amended and restated April 16, 2018, a copy of which is available under MAI's profile on SEDAR (filed July 31, 2018). Mineral resources that are not mineral reserves do not have demonstrated economic viability.

The Company is not treating these historical estimates as current and has not completed sufficient work to classify these historical estimates as current mineral resources. While the Company is not treating these historical estimates as current, it does believe the previous work is reliable and the information, which was made publicly available at the time may be of assistance to readers. As part of its due diligence process, and as required by the policies of the Exchange, the Company has commissioned Tetra Tech, Inc. to prepare a revised geological report in respect of Los Reyes which is expected to contain a new resource estimate. Once completed, a copy of the report will be available for review under the Company's profile on SEDAR ([www.sedar.com](http://www.sedar.com)).

Gold and silver were discovered at Los Reyes by the Spanish in the late 1700s and mining occurred in the area for over 150 years up until the 1950s. The Guadalupe de los Reyes underground mine opened in the late 1800s and to date is the most significant source of gold production in the district. It is estimated to have produced 500-600K oz of gold and 40M oz of silver at reported grades of +10 g/t Au and +500 g/t Ag.

From the 1950s through the 1980s there was limited activity in the Los Reyes area other than exploration reconnaissance studies. The one exception was a small vat leaching operation that was constructed and operated by the local concession owner in the late 1980s. It is reported that during this period approximately 32,000t of coarse crushed mineralized rock grading 5-6 g/t Au was leached with cyanide in open vats.

Modern drilling began at the Los Reyes area in the 1990s and was targeted at defining shallow and lower-grade gold-silver mineralization in areas surrounding the Los Reyes underground



## **Prime Resources Corp.**

*Formerly ePower Metals Inc.*

Management's Discussion and Analysis

Year Ended April 30, 2019

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operations. Since that time, over 40,000m of RC and core drilling have been completed within the current project boundaries resulting in the current mineral resource.

The grades and descriptions stated here are derived from the *Guadalupe de los Reyes* geological report prepared by Tetra Tech, Inc., and as amended and reissued on April 16, 2018, and have not been verified by the Company. The historical grades and mining history are considered relevant; however, the reliability, assumptions, parameters and methods used in preparing the report are unknown.

Over the 12 months following completion of the Transaction, the Company intends to focus on:

- Engineering and metallurgical work which will feed into a PEA study;
- Exploration drilling to expand existing resources; and
- Agreements and permits to allow a construction decision.

Los Reyes is subject to a 2% overriding royalty in favour of Vista Gold for surface gold production that is capped at US\$2 million. There are a series of royalties on several different claim groups with some buy backs and a residual maximum of 3% on several claims. Vista Gold holds a back-in right to 49% of gold and silver for underground production on a contributing basis.

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

### **MINERAL PROPERTIES**

Having made the decision to focus on cobalt exploration and having acquired the Panther Creek cobalt project (see below), the Company's management has decided to step out beyond existing cobalt camps and deposits to identify new sources of cobalt to address the looming cobalt shortfall that will hinder the world's shift to greener energy management systems. Prime is applying modern geological modelling techniques to search for potentially significant cobalt deposits that have not been previously been identified. This search has taken the Company and its consultants to North and South America, Africa and South East Asia. In the process of this search the Company has reactivated its subsidiary in Barbados and founded new subsidiaries in Mexico and Suriname. The decline in the price of cobalt over the last 12 months or so has caused the Company to reevaluate its business plan but has not reached a definitive conclusion as of the date of this MD&A.

### **MAGENTA GOLD AND COBALT PROJECT, MEXICO**

In December 2018, the Company entered into a definitive agreement to purchase Auramex 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 Magenta Project consists of five claims totalling 2,274 ha. Four claims are in good standing while one non-core claim (Magenta #2, 77 ha) is under appeal of cancellation. The project is located ~20 km north-northeast of Culiacán, the state capital of Sinaloa. A two-lane paved highway passes to the west and to the north of the property and several dirt roads permit access to the southwestern, western and north-eastern portions of the property. Ranching and agriculture

## Prime Resources Corp.

Formerly ePower Metals Inc.

Management's Discussion and Analysis

Year Ended April 30, 2019

---

are the main activities in the area and the claims are on privately owned ranch land. Two hydroelectric projects are situated less than 4 km from the property and there is a history of mining and mineral exploration in the region.

The Magenta Project hosts numerous high-grade cobalt/gold/silver/nickel vein and skarn style deposits. The La Prieta showing has seen the most development with two adits and one trench, (zones #1-3), and several drill holes. Historic sampling by Nordic Gold Corp at the La Prieta showing returned results of:

- 5.54 % Co, 5.8 oz/T Au, and 6.5 oz/T Ag, over 0.61 m in Zone #1.
- 3.27% Co, 0.26 oz/T Au, and 1.7 oz/T Ag, over 0.5 m in Zone #2.
- Adit dump samples (average of three assays completed by three separate labs) returned 8.14% Co 6.23 oz/T Au, and 6.52 oz/T Ag.
- Cobalt mineralization was traced for 325m along strike of Zone #1.

*\*Sample results stated in the historic reports have not been verified by the Company, and readers are cautioned not to place undue weight on such results. The historical grades are considered relevant; however, the reliability, assumptions, parameters and methods used in preparing the reports are unknown.*

A site visit by the Company in late July 2018 collected samples at the #2 Adit. The caved adit was cleaned out and samples returned:

- 0.39% Co, 0.42 oz/T Au, and 2.0 oz/T Ag over 1.6m. including 1.43% Co, 1.9 oz/T Au, and 3.28 oz/T Ag over 0.3m across a massive sulphide vein.
- 4.52% Co, 1.49oz/T Au, and 6.08 oz/T Ag in a 0.3m chip sample from a second massive sulphide horizon slightly deeper in the historic adit.

Other known cobalt showings on the Magenta claim block include:

- The El Fierro showing, 2.5 km to the northeast of La Prieta, where historic sampling by Auramex Resources Corp returned 11.69% Ni, 3.53% Co, & 4.4g/t Au from a grab sample and a 1.5 m chip sample returned 2.44% Ni, 0.91% Co and 1.08g/t Au
- The El Dormilon showing, 400m west of El Fierro, returned 0.79% Co from a historic dump grab sample
- Anomalous cobalt values are found in the Apomal skarn one kilometre to the south of La Prieta.

*\*Sample results stated in the historic reports have not been verified by the Company, and readers are cautioned not to place undue weight on such results. The historical grades are considered relevant; however, the reliability, assumptions, parameters and methods used in preparing the reports are unknown.*

The Magenta Project surrounds two small mineral claims that host the El Escobal epithermal gold deposit, a high-grade gold deposit mined in the 1950s-60s, located 900 m to the northwest of La Prieta. The relationship between mineralization at La Prieta and the El Escobal deposit has not

# Prime Resources Corp.

Formerly ePower Metals Inc.

Management's Discussion and Analysis

Year Ended April 30, 2019

been investigated. Cu-Au porphyry mineralization has also been documented on the Magenta Project.

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

## PANTHER CREEK COBALT PROJECT, IDAHO

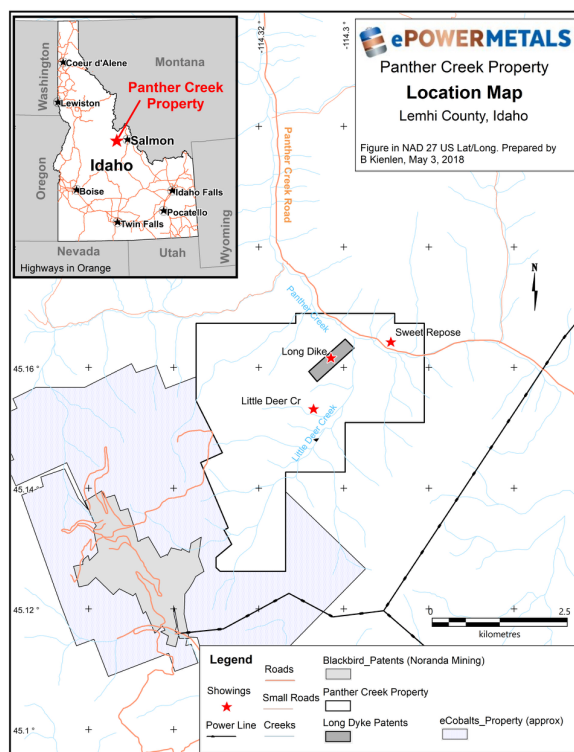
In October 2017, the Company entered into a mineral property option agreement with Utah Mineral Resources LLC ("UMR") to earn up to a 100% interest in the Panther Creek Cobalt project ("Panther Creek Project") located in the Idaho cobalt belt, which trends northwest-southeast for nearly 37 miles in east-central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

### Option Agreement

The Company has earned a 50% interest in the Panther Creek Project by paying US\$25,000 upon signing; and paying US\$150,000 and issuing 2,750,000 common shares. 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 *National Instrument 43-101* ("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.



## Prime Resources Corp.

Formerly ePower Metals Inc.

Management's Discussion and Analysis

Year Ended April 30, 2019

---

### Property Description

The Panther Creek Project is located at the heart of the Idaho Cobalt Belt and comprises 153 lode mining claims totaling 3,060 acres (1,238 ha) and a 41.3-acre (16.7 ha) mining lease on private land known as the Long Dike Property. The property is road accessible and located 26 miles west of Salmon in east-central Idaho.

The property is well located and adjoins, to the northeast, the Blackbird Copper-Cobalt Mine in the Blackbird District. The Panther Creek Project claims are contiguous with the claims of eCobalt's claims and the Ram cobalt-copper-gold mine.

There are several historic mine workings both on the Long Dike patent claims as well as at the Sweet Repose mine which form a linear trend that ends at the historic Blackbird Mine. A historic mine adit on the property was channel sampled by US Geological Survey and returned 1.04% cobalt and 4.14% copper across 10 feet or 3.0 metres<sup>1</sup>.

Surface sampling on the property by UMR has returned values from trace to 0.91% cobalt and 3.63% copper (GS-5), and 0.74% cobalt and 0.27% copper. The cobalt-copper mineralization is hosted in the micaceous quartzites of the Apple Creek Formation which is a similar geological setting as the historic Blackbird Mine as well as eCobalt's proposed Ram Mine.

*\*The grades and descriptions stated in the USGS reports and by Utah Mineral Resources LLC have not been verified by the Company, and readers are cautioned not to place undue weight on such results. The historical grades are considered relevant; however, the reliability, assumptions, parameters and methods used in preparing the reports are unknown.*

In January 2018, the Company reported on results of its fall exploration program on the Panther Creek Project including assays for 14 rock samples ranging from trace to 0.37% Co, and 0.014 to 19.3 g/T Au. 797 soil samples range from 4.7 to 355 ppm Co and have been received and highlights are reported below.

Highlights include:

- Cobalt oxide and gold in outcrop
  - 0.37% Co, 3.10 g/T Au and 1.75% Cu over 5 feet (1.5m) chip/channel sample quartzite,
  - 0.27% Co, 19.3 g/T Au and 2.4% Cu over 1foot (0.3m) in oxidized quartz vein/gossan
  - 0.23% Co, 0.22 g/T Au and 0.70% Cu over 2 feet (0.6m) in biotite rich quartzite
  - 0.002% Co, 4.15 g/t Au and 0.29 % Cu over 3 feet (0.9m) in oxide stained quartz veining
  - 0.002% Co, 5.95 g/t Au and 0.35% Cu over 3 feet (0.9m) in oxide stained quartz veining with biotite
- Delineation of two parallel soil anomalies which,
  - intersect historic working on Long Dyke and Sweet Repose and
  - trend towards the Blackbird mine to the west along the Panther Creek trend

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<sup>1</sup> USGS Open File Report 98-478

## Prime Resources Corp.

Formerly ePower Metals Inc.

Management's Discussion and Analysis

Year Ended April 30, 2019

- Reconnaissance mapping confirmed the presence of widespread cobalt-copper mineralization as well as significant gold mineralization (up to 19.3ppm Au) including erythrite in stratiform and vein-type occurrences

### 2018 Exploration Program

Prime completed several phases of exploration on the Panther Creek Project in 2018. The Company reopened the Sweet Repose adit for sampling and mapping in February 2018, conducted soil sampling on the western side of the project in the summer of 2018 and conducted a structural mapping and sampling program in the summer and fall of 2018.

Lithological and structural mapping defined three discrete new cobalt targets which are supported by the soil and grab sample program. Assays from 43 rock samples and 746 soil samples range from trace to 0.4% Co, trace to 30.8% Cu and trace to 29.67g/t Au.

Results have confirmed and expanded previously recognized Co-Cu±Au mineralized horizons and identified three new mineralized horizons. Soil sample results highlight two new areas of anomalous Co-Cu-Au. In addition, a major geological structure has been recognized coincident with Little Deer Creek. This fault projects along the southern extent of most of the historic mineralized horizons of the Blackbird Co-Cu deposit. This fault may have been a conduit for mineralizing fluids and may represent a significant geological target.

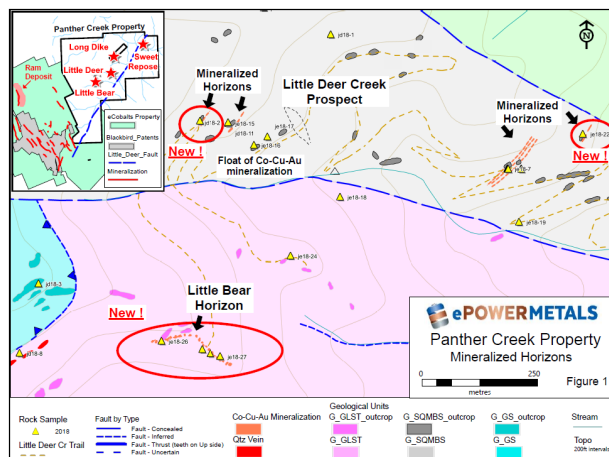
Assays from grab samples of a newly discovered mineralized horizon (Little Bear Horizon) returned:

- 30.8% Cu, 0.08% Co and 21.9 g/T Ag
- 7.73 g/T Au, 4.24% Cu, and 0.27% Co
- 17.49 g/T Au, 0.39% Cu, and 0.04% Co
- 7.86 g/T Au, 4.06% Cu, and 0.02% Co
- 6.79 g/T Au, 1.41% Cu, and 0.03% Co

This new mineralized horizon is poorly exposed but locally appears to be 1.5 m wide and was traced for more than 150 m along an east-west trend that remains open along strike, (see Figure 1 below). The zone is coincident with a

large Co-Cu-As-Au soil anomaly that extends to the west for more than 1,200 m. The high copper assays combined with low cobalt and arsenic and sulphur values suggest that outcrops are strongly oxidized and depleted of cobalt which has a much higher mobility than copper.

Follow-up rock sampling and mapping of mineralized zones recognized during reconnaissance prospecting in 2017 (see the Company's news release dated January 22, 2018) at the historic Little Deer Creek prospect has confirmed mineralization occurs in at least four parallel horizons, including two not previously recognized. These mineralized horizons trend NE-SW. A newly discovered horizon is 40 metres up-slope of a horizon previously recognized and returned 0.87 g/T Au, 2.70% Cu, 0.27% Co from a grab sample of poorly exposed biotite schist. A second newly



## Prime Resources Corp.

Formerly ePower Metals Inc.

Management's Discussion and Analysis

Year Ended April 30, 2019

discovered horizon returned 2.0 g/t Au, 0.67% Cu, 0.02% Co from a grab sample of a poorly exposed, oxidized outcrop.

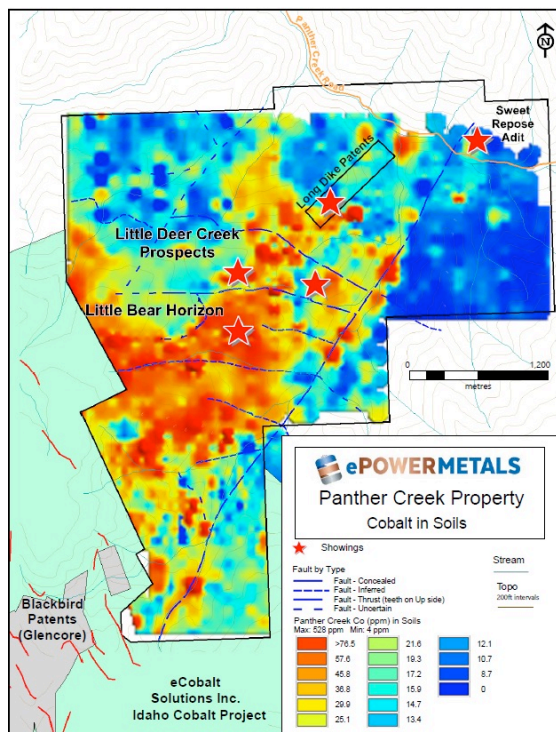
Mapping and rock sampling within the Long Dike patented claims have revealed a gold-bearing quartz vein structure trending NE-SW traced intermittently over a strike length of 500 m. The ~1m wide structure is composed of a series of narrow quartz veins. This structure has at least one historic adit with partially caved underground workings. Rock sampling in 2018 returned gold grades of 9.15g/T, 7.84g/T, 1.64g/T and 0.39g/T from grab samples. Chip samples in 2017 from near the adit returned 5.95g/T Au and 4.15g/T Au over 0.9 m as reported in the Company's news release dated January 22, 2018. In a separate area, two float samples from quartz vein material returned 29.67 and 22.68 g/T Au, respectively.

Two other extensive soil anomalies are recognized within the southern half of the property. A Co-Cu-As±Au soil anomaly extends for over 1 km and further south a predominately Cu anomaly extends for 1.4 km. These areas have not been geologically mapped although one reconnaissance mapping traverse recognized at least three geological units that show unique geochemical responses.

In addition, geological mapping has recognized that there is a major NE-SW trending fault structure partially coincident with Little Deer Creek. The structure bifurcates the property with most of the known mineralization and soil anomalies occurring on the western side. This structure can be traced to the SW where it appears as the southern boundary for most the Blackbird mineralized horizons. This major structure has several coincident Co-Cu-As-Au anomalies and may represent a new drill target where it is in contact with highly prospective geological units.

Permitting for the Panther Creek stream crossing and drilling and trenching on the Panther Creek Project is currently underway for exploration in 2019.

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



### **BROKOPONDO COBALT PROPERTY, SURINAME**

In 2018, Prime acquired an approximately 8,900 ha prospecting permit in Suriname based on historic USGS reports of laterite hosted cobalt-manganese with grades of 0.5-1.5% Co, (USGS report 1993). In December 2018, Company completed a phase one exploration program focused



## **Prime Resources Corp.**

*Formerly ePower Metals Inc.*

Management's Discussion and Analysis

Year Ended April 30, 2019

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on areas with road access. The initial exploration work was promising but, as the Company further advanced its exploration plan, it became clear that the prevailing political and social conditions would not support advancing the Brokopondo property in the foreseeable future. Accordingly, the Company relinquished its exploration rights to the property in February 2019.

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

### ***IKE GOLD PROJECT, YUKON***

The Company owns 100% of the Ike gold project, which is located in the Selwyn Basin of Yukon. Analytical work by the Company in 2010 defined an 80 km<sup>2</sup> area with discrete areas of coincident anomalous arsenic and gold in regional stream sediment samples. Carbonate lithologies and an intrusive suite underlie the project area. In addition to positive reconnaissance geochemical survey results and favourable rock types, the Ike property also hosts spatially related lead-zinc showings.

Exploration has resulted in geochemically sampling portions of the large Ike property and identifying high priority geochemical gold and arsenic anomalies for follow-up programs. In specific, stream sediment geochemical surveys have confirmed anomalous Au values in creeks within the Ike sampling area as indicated by historical stream sediment data. Anomalous Au data are associated with elevated levels of As and Sb in these samples. "Ridge and spur", contour and grid soil sampling has identified areas of anomalous Au in soils in the upper catchments of streams containing anomalous Au. The soil data indicate an association with As, Sb, Bi, Pb and Zn. High-density rock sampling in one localized area of the claim group failed to identify significant Au mineralization in bedrock, but many of the samples are elevated in Sb. Overall, surficial geochemical data indicate that the central and north-central portions of the claim group appear to be most prospective for Au mineralization. The southern portion of the claim group appears more prospective for Pb and Zn mineralization. This area was previously investigated by Cypress Anvil Mining Corporation in 1981. The property has not been extensively prospected and many high priority stream sediment and soil Au anomalies remain to be investigated.

The Company executed a soil sampling exploration program in August 2016 that formed the basis of a NI 43-101 technical report that it filed in October 2016. The Company executed a soil sampling and mapping program in program in September 2017. The claims are in good standing until November 2019.

At October 31, 2018, the Company completed a review of the Ike gold project. After considering its exploration priorities, the Company fully impaired the project's carrying value.

*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

## Prime Resources Corp.

Formerly ePower Metals Inc.

Management's Discussion and Analysis

Year Ended April 30, 2019

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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 hundred 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		
	2019	2018	2017
	\$	\$	\$
Loss for the year	(1,340,946)	(1,529,209)	(86,408)
Loss per share, basic and diluted	(0.08)	(0.15)	(0.02)
Total assets	5,836,175	5,858,151	86,248
Long-term financial liabilities	10,346	14,789	52,356

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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, 2017	(66,537)	(0.01)
October 31, 2017	(31,361)	(0.00)
January 31, 2018	(1,068,692)	(0.04)
April 30, 2018	(362,619)	(0.01)
July 31, 2018	(440,297)	(0.01)
October 31, 2018	(323,543)	(0.01)
January 31, 2019	(400,669)	(0.01)
April 30, 2019	(176,437)	(0.01)

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## **Prime Resources Corp.**

*Formerly ePower Metals Inc.*

Management's Discussion and Analysis  
Year Ended April 30, 2019

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

- July 31, 2017 – The Company awarded options and as a result incurred share-based compensation of \$55,000.
- October 31, 2017 – Expenses increased as the Company expanded its operations with the evaluation and optioning of the Panther Creek property.
- January 31, 2018 – The Company awarded options and undertook property investigation that significantly increased its operating expenses.
- April 30, 2018 – The Company expanded its office and staff to better address its exploration plan.
- July 31, 2018 – The Company awarded options and incurred share-based compensation of \$139,250 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 \$221,481 carrying value of its Brokopondo cobalt property.

### **RESULTS OF OPERATIONS FOR THE YEAR**

#### *Administrative and Other Expenses*

As the Company increased activity, primarily as a result of the Panther Creek transaction, expenses increased significantly however permitting delays and a decline in the price of cobalt led the Company to slow exploration activity. Recognition of share-based compensation had a material effect on total expenses that masks the level of operating activity. Excluding share-based compensation, to better show expenditures on day-to-day activities, operating expenses decreased to \$199,900 for the quarter ended April 30, 2019 from \$214,900 in the comparative period.

A discussion of significant expenses and other items for the period ended April 30, 2019 follows:

- Foreign exchange represents changes in the value of monetary assets and liabilities denominated in foreign currencies. Most of this expense relates to liabilities of Auramex that are denominated in Mexican pesos.
- Investor relations expenses were incurred for news releases and communications programs, including participation at conferences. These activities increased following the expansion of the Company's exploration program and the need to communicate corporate activity to investors.
- Loan interest relates to an equipment lease in the current period and loans payable and a convertible debenture in the comparative period.

## **Prime Resources Corp.**

*Formerly ePower Metals Inc.*

Management's Discussion and Analysis

Year Ended April 30, 2019

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- Personnel cost represents payments to the Company's officers and bookkeeper-accountant. In the comparative period, the Company's officers had worked without compensation until October 2017. The Company's officers suspended compensation again with effect from February 2019.
- Office expense represents general administrative charges. Some general office expenses are recovered from subtenants.
- Professional fees comprise legal and audit fees in the ordinary course of business.
- Property investigation and due diligence relates to the evaluation of potential target properties located in North and South America and Africa. The Company has been much more active than in the comparative fiscal year. 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.
- 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.
- Rent is for the Company's administrative office. The Company increased its office space from roughly 150 square feet to 2,790 square feet effective March 1, 2018 with a commensurate increase in expense. Some of this cost was recovered from subtenants who are renting currently unused office space.
- Share-based compensation represents the fair value of stock options recognized over their vesting term, calculated using the Black-Scholes option-pricing model. The Company awarded 455,000 options in June 2018 and 95,000 options in January 2019.
- Recovery of rent and administrative expenses partially offsets rent and office expense as described above. Fees charged for geological services partial offsets 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 fourth quarter were broadly the same as for the year, as outlined above.

Having taken on the Panther Creek property and expanded project reviews to include several other properties, the Company opened a new office, appointed a VP exploration and VP corporate development. Most of these expenses were fully implemented by the fourth quarter.

## Prime Resources Corp.

Formerly ePower Metals Inc.

Management's Discussion and Analysis  
Year Ended April 30, 2019

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Quarter ended April 30	2019	2018
	\$	\$
Operating expenses		
Interest	289	232
Investor relations	6,424	63,147
Personnel	50,073	77,520
Professional fees	27,706	35,230
Property investigation and due diligence	56,684	78,246
Regulatory and shareholder services	11,295	22,458
Rent	22,367	29,507
Share-based compensation	10,400	46,050
Other	25,089	22,946
Loss for the period before other items	(210,327)	(375,336)

To recover some of the rent and related administration expenses, the Company rented unused office space and generated a recovery. In the fourth fiscal quarter, the Company impaired its Split Dome project and recorded a gain on settlement of debt as described above.

Quarter ended April 30	2019	2018
	\$	\$
Loss for the period before other items	(210,327)	(375,336)
Recovery of rent and administration expenses	22,385	19,473
Geological services	11,486	-
Impairment of exploration and evaluation assets	-	(21,775)
Gain on settlement of debt	-	15,000
Other	19	19
Loss for the period	(176,437)	(362,619)
Loss per share	(\$0.01)	(\$0.01)

### LIQUIDITY AND CAPITAL RESOURCES

At the date of this MD&A, the Company has substantially exhausted its cash reserves and is dependent on investors exercising share purchase warrants to sustain operations.

At April 30, 2019, the Company had a working capital deficiency of \$692,200 including cash of \$6,000, compared to working capital of \$1,157,800 at April 30, 2018. Factors affecting the Company's liquidity are:

- In August 2019, the Company completed a private placement that raised gross proceeds of \$8,715,400 (see *Private Placement*).
- The Company will have to repay US\$150,000 (equivalent to \$201,345 at April 30, 2019) that it borrowed to purchase Auramex; \$2,000,000 that it borrowed in connection with the Los Reyes acquisition; \$105,000 borrowed from a company controlled by from the Company's CEO; and \$50,000 borrowed from an arm's length party subsequent to year end.

## Prime Resources Corp.

Formerly ePower Metals Inc.

Management's Discussion and Analysis

Year Ended April 30, 2019

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- The Company must undertake exploration and make cash progress payments to maintain its exploration property rights, although it was successful in negotiating a deferral of payments otherwise required for the Panther Creek Project.
- The Company is evaluating additional properties to acquire. If it moves ahead with these acquisitions, its expenditures will increase accordingly.
- The Company is committed to make payments under property and equipment leases totalling \$238,000 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, 2019, the Company adopted *IFRS 9 – Financial Instruments* and *IFRS 15 – Revenue Recognition*. Adoption of these accounting policies did not have a material effect on the Company's financial position or results of operations.

### **RELATED PARTY TRANSACTIONS**

The Company does not have any contractual remuneration obligations to related parties other than to pay its VP exploration a monthly salary of \$12,500 plus monthly allowance of \$500 for extended healthcare. The contract provides for a short notice period.

In the fiscal year to date, Prime paid \$13,250 to a company controlled by the Company's CFO for his and related secretarial services.

The Company leases office space to American Lithium Corp. for \$3,347 per month on a month-to-month basis. One of the Company's directors during fiscal 2019, Michael Kobler, is the CEO of American Lithium Corp.

In May 2018, the Company agreed to transfer certain mineral rights to Electric Metals Inc. ("EVX"), a company in which Fred Tejada, a director of Prime at the time of the transaction, was an officer and director. The Company had only incurred nominal costs and the mineral property did not fit with the Company's current business plan. Furthermore, the Company would need to incur significant costs to maintain its property rights. In the event that the transferor successfully obtains exploration rights to the property, the Company will transfer its rights to EVX for consideration of US\$20,000 and a 1% net smelter royalty, which royalty may be acquired by EVX at any time for US\$1,000,000. In December 2018, the Company incorporated a subsidiary in Portugal to facilitate this transaction.

In the year ended April 30, 2019, a company controlled by the Company's CEO lent the Company \$40,000 and subsequently advanced a further \$65,000 to the Company. At April 30, 2019 the Company owed US\$150,000 (equivalent to \$201,345 at June 30, 2019) to a company controlled by the Company's CEO. As part of the Los Reyes transaction, the Company borrowed \$1,000,000 from the Company's CEO subject to a 2% commitment fee, interest at 12% and issuance of 668,668 common shares as a bonus. The shares were issued in August 2019.

## **Prime Resources Corp.**

*Formerly ePower Metals Inc.*

Management's Discussion and Analysis

Year Ended April 30, 2019

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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 risk is liquidity 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.

### ***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.

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 Transaction.

### ***OPTION ACTIVITY***

In June 2018, the Company granted incentive stock options to directors and consultants to purchase up to 455,000 shares. The options have an exercise price of \$0.40 and are exercisable until June 2020. In July 2018, an option holder exercised 20,000 options at \$0.20 per share. In January 2019, the Company granted incentive stock options to consultants to purchase up to 95,000 common shares at \$0.44 per share, exercisable until January 2021, and of which 150,000 were granted to a person providing investor relations activities. These options will vest over a 12-month period.

## **Prime Resources Corp.**

*Formerly ePower Metals Inc.*

Management's Discussion and Analysis

Year Ended April 30, 2019

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In the fiscal year ended April 30, 2019, option holders have forfeited options to acquire 75,000 common shares at \$1.36 per share and 155,000 common shares at \$0.40 per share. Subsequent to the fiscal year end, option holders forfeited options to acquire 412,500 common shares at \$1.36 per share.

### **WARRANT ACTIVITY**

Through to April 30, 2019, warrant holders exercised 127,500 warrants at \$0.30 per share. In July 2019, a warrant holder exercised 12,500 warrants at \$0.30 per share.

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.

### **SHARE ISSUANCES**

In the fiscal year and to the date of this MD&A, the Company has issued 20,000 common shares on the exercise of options and 127,500 common shares on the exercise of warrants, as described above.

In October 2018, the Company issued 12,500 common shares pursuant to the Connel Creek mineral property option agreement.

In March 2019, the Company issued 1,250,000 common shares as consideration for the Magenta Project (see *Magenta Project* above).

In July 2019, the Company issued 12,500 common shares on the exercise of warrants as described above.

### **Private Placement**

In connection with the Transaction, the Company closed a non-brokered private placement of 29,051,327 subscription receipts at a price of \$0.30 per subscription receipt. The proceeds of the financing will be held in escrow pending the Company completing the Transaction. Upon 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-one common share purchase warrant. Each whole warrant will entitle the holder to acquire a further common share at a price of \$0.50 per share until August 28, 2021. All securities to be issued by the Company pursuant to the Financing are subject to a statutory hold period expiring December 29, 2019. The Company paid finders' fees of \$360,465 and issued warrants to purchase up to 1,136,473 common shares at a price of \$0.50 per share for a period 24 months to certain eligible parties who introduced subscribers to the Financing.

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

## **Prime Resources Corp.**

*Formerly ePower Metals Inc.*

Management's Discussion and Analysis

Year Ended April 30, 2019

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### *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 bonus and 556,250 common shares as finders' fee compensation. 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 58,777,649 common shares outstanding.
- Warrants to purchase up to 22,855,237 common shares.
- Options to purchase up to 907,500 common shares.

The maximum number of common shares that are potentially issuable is 82,540,386.

### **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.

The Company has mineral claims in certain foreign jurisdictions 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.

## **Prime Resources Corp.**

*Formerly ePower Metals Inc.*

Management's Discussion and Analysis  
Year Ended April 30, 2019

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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 board meets quarterly, more or less, as required.

### **OUTLOOK**

We look forward to advancing the Los Reyes and Magenta projects while continuing to work on the Panther Creek property so that it can be progressed when cobalt prices improve.

On behalf of the board of directors,

*"Andrew Bowering"*

Andrew Bowering  
CEO and Director

August 28, 2019



## **CORPORATE DIRECTORY**

### **CORPORATE OFFICES**

1030 West Georgia Street - Suite 1507  
Vancouver BC V6E 2Y3  
Tel. (604) 428-6128  
[www.primeminingcorp.ca](http://www.primeminingcorp.ca)  
[info@primeminingcorp.ca](mailto:info@primeminingcorp.ca)

### **DIRECTORS**

Daniel Kunz  
Andrew Bowering  
Gregory Liller  
Jorge Ramiro  
Paul Larkin  
Bruce Durham

### **OFFICERS**

Daniel Kunz, Executive Chairman  
Andrew Bowering, CEO  
Gregory Liller, COO  
Simon Anderson, CPA, CA CFO  
Alex Langer, VP Capital Markets  
Bruce Kienlen, P. Geo, VP Exploration

### **TRANSFER AGENT**

Computershare Trust Company of Canada  
510 Burrard Street 2nd Floor  
Vancouver, BC

### **SOLICITORS**

Cassell Brock  
2200-885 West Georgia Street  
Vancouver BC

### **BANKERS**

Bank of Montreal  
First Bank Tower  
595 Burrard Street  
Vancouver, BC

### **AUDITORS**

Davidson & Company LLP  
1200 – 609 Granville Street  
Vancouver, BC

### **SHARE LISTING**

TSX Venture Exchange  
Trading Symbol: EPWR

### **CAPITALIZATION**

Common shares  
Authorized: unlimited  
Issued: 58,777,649