



**PRISMO METALS INC.**

**(An Exploration Stage Company)**

**Management's Discussion and Analysis (MD&A)**

**(Form 51-102F1)**

**Three months ended March 31, 2021**

# PRISMO METALS INC.

## Management's Discussion and Analysis

### Three months ended March 31, 2021

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This Management's Discussion and Analysis ("MD&A" – Form 51-102F1) of Prismo Metals Inc. ("Prismo" or the "Company"), dated **May 12, 2021**, is the Company's initial MD&A, and provides information on the Company's business activities, financial condition, financial performance, cash flows and outlook for the three months ended March 31, 2021, and to the date of this MD&A. The Company reports its financial position, financial performance and cash flows in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") in Canadian dollars, unless otherwise indicated. The first, second, third and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3", and "Q4" respectively.

The following information should be read in conjunction with the Company's condensed interim financial statements for the three months ended March 31, 2021 and 2020, and with the audited financial statements for the year ended December 31, 2020 and 2019 and the corresponding annual MD&A for the year ended December 31, 2020 (the "Financial Statements"), all available on the SEDAR website at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.prismometals.com](http://www.prismometals.com).

Prismo Metals Inc. (the "Company") was incorporated under the provisions of the Canada Business Corporations Act ("CBCA") on October 17, 2018, as 11047612 Canada Inc., renamed as Prismo Metals Inc. on November 1, 2018, and registered as an extra-provincial corporation under the laws of the Province of British Columbia on November 6, 2018.

On September 30, 2020, the Company closed its initial public offering (the "IPO") by way of a long-form prospectus through an engagement with Haywood Securities Inc. ("Haywood") and filed on SEDAR on September 8, 2020 (the "Prospectus").

The closing of the IPO provided the Company gross proceeds of \$575,000. Please refer *Financing Activities*, below, for a more detailed disclosure of the IPO.

The proceeds of the IPO, as well as the remaining working capital from prior financing activities, will be used to fund exploration and development of the Company's mineral projects, and for working capital and general corporate purposes.

On October 1, 2020, the Company's shares started trading on the Canadian Securities Exchange (the "CSE") under the trading symbol PRIZ.

The Company is in the business of acquisition, exploration and development of mineral properties, and is in one operating segment, namely mineral exploration in Mexico.

### Forward-looking statements and risk factors

This MD&A contains forward-looking statements that are related to the Company's activities and future financial results. The results for the current periods are not necessarily indicative of the results for any future period. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance as the mineral exploration business is not without risk and most exploration projects will not become mines. The Company is subject to a number of risks and uncertainties due to the nature of its business and the early stage of its exploration projects. A detailed discussion of risks is presented under *Risk Factors* published with the annual MD&A for the year ended December 31, 2020; please refer to this document for a complete disclosure of the risk factors.

Prismo's disclosure of a technical or scientific nature has been reviewed and approved by Dr. Peter Craig Gibson, Ph.D., Director, President and Chief Executive Officer of the Company and a Qualified Person ("QP") under the definition of National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*.

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**Board of Directors and Officers**

As at the date of this MD&A, the following are the Directors and Officers of the Company:

Peter Craig Gibson, Ph.D.	Director, President and Chief Executive Officer	(Mexico)
Jean-François Meilleur	Director	(Montreal)
María Guadalupe Yeomans Otero.	Director	(Mexico)
Jorge Rafael Gallardo Romero	Director	(Mexico)
Salvador Miranda	Chief Financial Officer & Corporate Secretary	(Vancouver)

**Financing activities**

On September 30, 2020, the Company closed an IPO through Haywood, after having filed a long-form Prospectus on September 8, 2020. The Company raised gross proceeds of \$575,000 through the issuance of 4,600,000 common shares at a price per share of \$0.125. Pursuant to the engagement with Haywood, the Company paid Haywood an agent's commission of 7.5% in cash (\$43,125) and 7.5% through an agent's option consisting of 345,000 options with an exercise price of \$0.125 for a period of two years. The fair value of the agent's options was calculated at \$22,498 using the Black-Scholes option pricing model with the following parameters: expected volatility of 100%, risk-free interest rate of 0.25%, dividend rate of 0% and expected life of 2 years and was charged to share issuance costs. On October 15, 2020, 172,500 (50%) of these agent's options were exercised, providing the Company with an additional \$21,563 in cash.

Other share issuance cost included prospectus-printing, share printing and distribution, transfer agent charges related to the IPO and legal costs for the Company incurred as follows: cash payments of \$26,662, and \$89,462 incurred through accounts payable and accrued liabilities.

Other share issuance cost totalled \$41,915.

The following table details the share capital of the Company from December 31, 2019 to March 31, 2021:

Issuance	Date of issuance	Number of shares #	Price per share \$	Cash proceeds \$	Non-cash value \$
<b>Balance, December 31, 2019 and March 31, 2020</b>					
		<b>12,610,867</b>		<b>310,459</b>	<b>223,490</b>
Initial public offering (IPO)	Sep 30, 2020	4,600,000	0.125	575,000	-
Agent's corporate finance fee	Sep 30, 2020	40,000	0.125	-	5,000
Shares issued in settlement of debt	Sep 30, 2020	300,000	0.125	-	37,500
Exercise of agent's options	Oct 15, 2020	172,500	0.125	21,563	11,249
Share issuance costs	to date	-	-	(95,785)	(67,731)
<b>Balance, December 31, 2020</b>					
		<b>17,723,367</b>		<b>811,237</b>	<b>209,508</b>
Exercise of agent's options	Jan 18, 2021	26,970	0.125	3,371	1,759
Exercise of agent's options	Feb 11, 2021	111,720	0.125	13,965	7,285
<b>Balance,</b>					
		<b>17,862,057</b>		<b>828,573</b>	<b>218,552</b>

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**Mineral properties and business update**

The Company has option agreements with respect to two mineral exploration projects in Mexico, Palos Verdes and Los Pavitos, as follows:

a) Palos Verdes project and ProDeMin Option

Palos Verdes is an intermediate stage exploration project located about 65km northeast of Mazatlán in Sinaloa State, Mexico and is accessed via the interstate highway from Mazatlán to Durango near the village of Santa Lucía. The property consists of one concession, Palos Verdes, comprising 22.7707 hectares (the "Property"). The Property is within the Pánuco-Copala mining district, a historically important mining area in the region. Numerous small mines and prospects are located in the region with several intermittently active mines and mills. The district is known for precious- and base-metal bearing epithermal veins.

On May 7, 2019, the Company entered into an Option Agreement with ProDeMin, a company incorporated under the laws of Mexico and carrying mineral exploration contracting activities and controlled by a director of the Company) (the "ProDeMin Option"). Pursuant to the terms of the ProDeMin Option, ProDeMin granted the Company an option to earn up to 75% interest in the Palos Verdes property, located in the state of Sinaloa, Mexico, over a period of five years, as follows:

- on May 10, 2019, the Company paid ProDeMin US \$25,000 in cash;
- on August 12, 2019, the Company issued ProDeMin 2,000,000 units with a fair value of \$0.05 per unit; each unit consisted of one common share and one share purchase warrant of the Company; each warrant being exercisable at a price of \$0.10 per share, expiring on the fifth anniversary of the date of issuance of these units;
- on August 12, 2019, the Company reimbursed ProDeMin for expenditures already incurred in the amount of \$25,000 by the issuance of 500,000 common shares with a fair value of \$0.05 per share (issued) these units and shares will be held in escrow; and
- the Company is required to incur US \$1,500,000 in exploration expenses over the five-year period of the ProDeMin Option, pay an additional US \$46,823 and issue ProDeMin an additional 2,000,000 common shares, as follows:
  - pay ProDeMin an amount of US \$21,823 on the date of the Company's closing of its first financing following the listing of its common shares;
  - incur a minimum of \$100,000 in exploration expenditures within the first two years of the date of the ProDeMin Option, and by paying all fees and duties required to maintain the mineral concessions in good standing;
  - pay US \$25,000 to ProDeMin and incurring a minimum of US \$100,000 in exploration expenditures on the property for each of the third and fourth year following the date of the ProDeMin Option, and also paying during such period all fees and duties required to maintain the mineral concession in good standing;
  - Issue to ProDeMin, or as directed by ProDeMin, 2,000,000 common shares and incurring a minimum of US \$500,000 in expenditures on the Property in the fifth year following the date of the ProDeMin Option, and also paying during such period all fees and duties required to maintain the mineral concession in good standing; and

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- o the following payments have been made or are to be made:

	USD \$
On or before May 20, 2019 (paid)	15,000
6 months from the above date (paid)	25,000
12 months from the above date (paid)	25,000
18 months from the above date (paid)	25,000
24 months from the above date	25,000
30 months from the above date	25,000
36 months from the above date	50,000
42 months from the above date	50,000
<b>Total payments</b>	<b>240,000</b>

A full technical report for Palos Verdes prepared under the standards of National Instrument NI 43-101 is presented with the Prospectus, filed on SEDAR on September 8, 2020. Readers are encouraged to review this technical information.

The Company does not currently have a subsidiary in Mexico and is in the process of establishing one, as Mexican mineral concessions can only be held by Mexican entities.

On November 18, 2020, the Company announced that it had secured surface access to Palos Verdes through a 10-year agreement with the local community. This will allow Prismo to commence a drilling program of a minimum of 500 metres in early December 2020 through a drilling contract awarded to HR Drilling of Hermosillo, Sonora. Results should be available in during the first quarter of 2021.

On November 30, 2020, the Company entered into an option agreement with the underlying owner of the remaining 25% of the Palos Verdes property (the "Palos Verdes 25% Agreement"), thus securing the possibility of earning up to 100% interest in the property. Under the terms of the Palos Verdes 25% Agreement, the Company will make aggregate payments of US \$250,000 over a period of four years (US \$30,000 paid) and issued 100,000 share purchase warrants with an exercise price of \$0.35 and valid for two years. The schedule of cash payments is as follows:

	USD \$
On or before November 30, 2020 (paid)	30,000
6 months from the above date	15,000
12 months from the above date	15,000
18 months from the above date	15,000
24 months from the above date	15,000
30 months from the above date	25,000
36 months from the above date	25,000
42 months from the above date	50,000
48 months from the above date	60,000
<b>Total payments</b>	<b>250,000</b>

The Company undertook a core drilling program in December 2020 and published an update on December 21, 2020 with four holes completed. The identification of quartz vein material along a northwest striking structure that was previously recognized by a zone of clay alteration was also reported.

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On February 16, 2021, the Company published the results of the exploration program at Palos Verdes. The drill program consisted of five HQ diameter core holes for a total of 573 m. Table 1 below shows the drill hole data, including the previous drilling by ProDeMin in 2018. The drill program was designed to test the vein lateral to, and below, high-grade intercepts drilled by ProDeMin, with the best intercept from that program being 8.4 g/t Au and 2,336 g/t Ag, over 0.8m true width (See Prismo press release of September 30, 2020). A northwest trending shear zone near the portal of the Palos Verdes adit was also tested.

Table 1. Drill hole data for past drilling and Prismo Metal's drill holes.

Hole	Easting	Northing	Elev	Azimuth	Inclination	Depth (m)
<u>ProDeMin drill holes (2018)</u>						
PV-18-01	413,759	2,593,160	1,222	318	-50°	80.00
PV-18-02	413,762	2,593,161	1,222	318	-75°	120.10
PV-18-03	413,762	2,593,160	1,222	280	-45°	63.00
PV-18-04	413,759	2,593,160	1,222	270	-65°	100.00
PV-18-05	413,607	2,593,040	1,257	335	-60°	94.00
<u>Prismo drill holes (2020)</u>						
PV-20-06	413,767	2,593,146	1,207	330	-75°	101.40
PV-20-07	413,768	2,593,146	1,207	355	-60°	104.40
PV-20-08	413,765	2,593,098	1,208	345	-60°	125.40
PV-20-09	413,764	2,593,099	1,208	330	-50°	107.40
PV-20-10	413,597	2,592,994	1,240	10	-55°	134.40

Coordinates in UTM WGS84 from a handheld GPS

The results of the Company's drilling are shown in Table 2 along with the results from the previous drilling. All five of the Company's holes cut mineralized vein ranging from weakly anomalous to the best hole (PV-06) which cut vein breccia and stockwork over 3.2 m (estimated true width) grading 69 g/t Ag, 0.13 g/t Au and negligible Base Metals, including a 0.5 m (ETW) sulfide-rich zone grading 315 g/t (10 oz/T) silver and 0.46 g/t gold with negligible Base Metals. (See Table 2 for Results and [www.prismometals.com](http://www.prismometals.com) for maps and sections). The mineralized intervals reported are similar to many of those reported by Vizsla Resources Corp. from drilling on veins further west in the same district.

Four of the holes explored the Palos Verdes system, and intersected the vein between about 75 and 100m below the surface. In all cases the vein structure showed multiple discrete quartz vein stages showing distinctly differing mineralogy and textures lacing between breccia fragments of wall rock and vein material. Selective sampling of three discrete vein stages in surface exposures (Table 3) shows two extremes: 1. A Precious Metals-rich stage that reported 18 g/t Au, 1468 g/t Ag, 1.73 % Cu, 2.93% Pb and 10.1% Zn over 0.3m; and 2. A Base metals-rich stage that reported 0.16 g/t Au, 110 g/t Ag, 0.2 % Cu, 9.2% Pb and 23.8% Zn. A similar variation is observed in individual samples from the drill holes as can be seen in Table 1.

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Hole PV-20-07 was the first ever test of a clay altered shear zone that cuts across the Palos Verdes concession in a northwest orientation, and that hosts the inferred "Northwest Vein", which Prismo geologists recognized by tracing isolated outcrops of massive, banded and brecciated quartz vein material. Hole PV-20-07 cut this shear zone obliquely near its intersection with the Palos Verdes vein and intersected a wide brecciated and sheared interval containing anomalous precious and base metals values but was not drilled at an orientation that allowed testing of the Northwest Vein.

Dr. Craig Gibson, President and CEO of the Company stated "So far all the drilling in the Palos Verdes vein has been very shallow and these new results, combined with older data, reveal the sort of variability of width and grade that we expect to see in the very top of veins in this district. This supports our interpretation that we are well above any coherent Bonanza-grade zones in the system, and we are very eager to trace the Palos Verdes vein to greater depths and along strike. We are also pleased to have confirmed the suspected Northwest vein and look forward to including it in our next campaign as we trace both veins to depth, hopefully into more consistent widths and grades."

Table 2. Drill results for all Prismo and previously drilled holes at the Palos Verdes Project

Hole	From (m)	To (m)	Width (m)	Est True width (m)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)
<b>ProDeMin holes (previously released)</b>									
PV-01	23.90	28.80	4.90	4.2	0.89	31	0.21	0.30	2.63
PV-02	40.35	48.70	8.35	5.5	1.69	474	0.54	1.09	3.84
incl.	45.25	48.70	3.45	2.3	3.75	1098	0.67	1.99	3.00
incl.	46.55	47.70	1.15	0.8	8.42	2336	0.27	1.72	2.46
PV-03	31.30	40.65	9.35	7.0	1.45	15	0.05	0.11	1.04
incl.	39.55	40.65	1.10	0.8	12.15	50	0.26	0.53	5.01
PV-04	55.45	59.00	3.55	3.0	0.12	37	0.31	0.12	0.74
PV-05	54.25	57.40	3.15	2.0	0.25	23	0.06	0.32	0.62
<b>Prismo holes</b>									
PV-06	70.55	75.85	5.3	3.2	0.13	69	0.14	0.12	0.29
	75.00	75.85	0.85	0.5	<b>0.46</b>	<b>317</b>	0.12	0.09	0.21
PV-07	32.40	34.20	1.8	?	0.01	9	0.35	0.24	0.47
PV-08	92.70	96.05	3.35	2.5	0.24	17	0.09	0.19	0.58
	92.70	93.65	0.95	0.7	0.55	37	0.24	0.61	1.21
PV-09	87.10	88.95	1.85	1.3	0.73	38	0.19	0.61	3.89
PV-10	125.30	126.50	1.20	0.9	0.03	6	0.06	0.03	1.4

Data for holes PV-01 to PV-05 was included in a news release of September 30, 2020.

True width of the intercept in hole PV-07 unknown.

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Table 3. Assays for samples of the Palos Verdes and Northwest veins, Palos Verdes project.

Sample	Width m	Description	Au g/t	Ag g/t	Cu %	Pb %	Zn %
<b>Palos Verdes Vein</b>							
<u>Sulfide bands</u>							
58954	0.10	Sulfide rich vein with little gangue.	0.08	67.0	0.43	0.82	15.50
58955	0.15	Sulfide rich vein with 10% quartz.	0.16	111.5	0.19	9.20	23.80
58956	0.30	Sulfide rich band in 1m quartz vein	18.10	1,468.5	1.73	2.93	10.10
<u>In Tunnel*</u>							
465801	0.50	Half of vein, quartz with sulfide band	6.17	45	0.15	1.12	1.62
465833	1.10	Quartz vein breccia with rock fragments	0.09	24	0.13	0.26	0.28
465834	0.60	Fault breccia with fragments of quartz	0.34	3	0.01	0.01	0.16
465835	1.80	Vein breccia with galena and chalcopyrite	0.02	4	0.03	0.02	0.05
465836	1.30	Vein breccia with sphalerite and galena	6.71	544	0.06	0.08	0.13
<b>NW vein</b>							
<u>Prismo samples (one vein exposure)</u>							
58951	0.70	Quartz vein breccia, iron oxide and pyrite	0.03	11	-	0.05	-
58952	0.70	Quartz vein breccia with fine gray sulfides	0.06	14	-	0.11	0.06
58953	1.10	Quartz vein breccia, hematite and jarosite	0.02	8	-	0.01	0.01
<u>Older samples*</u>							
465817	0.60	Banded quartz vein, traces of pyrite	0.11	19	-	0.03	-
465837	2.30	Quartz vein, traces of galena	0.11	31	0.01	0.11	0.19

\*Samples from the Palos Verdes tunnel and the older samples of the NW vein were taken by ProDeMin in 2017.

b) Los Pavitos project and the Cascabel Option

Los Pavitos is an early-stage exploration project located in the Álamos area of Sonora State, Mexico. The project consists of one concession, Los Pavitos Reducción, that covers 5,289 hectares. The concession is located on the paved highway between Navajoa and Álamos at about the 17 km marker, and the main mineralized area is about 6 km North of the highway and are reached by unmaintained dirt roads that access local ranches. Several interior concessions owned by third parties cover mineralized occurrences within the boundaries of the Los Pavitos concession.

Mineralization at Los Pavitos consists of quartz veins and stockworks hosted in metasediments, in shear zones and parallel to foliation and crossing foliation. Three mineralized trends have been recognized through limited exploration that has been carried out. Two trends, the NE Santa Cruz trend and the NW Las Auras trend intersect in an area of small mines and prospects on the internal concessions mentioned previously and extend onto the Los Pavitos concession. The NE Omuri trend is parallel to the Santa Cruz trend about two kilometers to the northwest of the intersection of the other trends, and also intersect the La Auras trend.

Limited exploration work has been carried out on the project. One hundred rock chip samples and 55 soil samples have been taken. Rock samples of as much as 40.9 g/t Au and 99 g/t Ag over 0.3m have been taken. Numerous samples have returned 1 to 6 g/t Au and 3 to 60 g/t Ag. Soil sample lines that cross the Santa Cruz trend where projected along strike from outcrops and small prospects show Au, As and Ag anomalies.

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On October 11, 2019, the Company entered into an Option Agreement with Cascabel (the "Cascabel Option"). Pursuant to the terms of the Cascabel Option, Cascabel grants the Company an option to earn up to 100% in the Los Pavitos concession, located in the state of Sonora, Mexico, over a period of five years, as follows:

- on October 11, 2019, the Company issued Cascabel 2,000,000 units with a fair value of \$0.05 per unit; each unit consisting of one common share and one share purchase warrant of the Company; each warrant being exercisable at a price of \$0.10 per share, expiring on the fifth anniversary of the date of issuance of these units (issued); these units are held in escrow;
- the Company is required to maintain the Los Pavitos concession in good standing. During the year ended December 31, 2020, the Company reimbursed Cascabel for \$137,796 for concession dues that were due for 2019 and 2020. The Company is temporarily delinquent for payment of mineral concession dues corresponding to the first semester of 2021 of approximately \$35,000 for working capital preservation. The amount is included in accounts payable and accrued liabilities;
- for the exercise of the option, the Company will be required to incur US \$1,500,000 in exploration expenses over the five-year period of the Cascabel Option, pay an additional US \$500,000 and issue Cascabel an additional 2,000,000 common shares. The yearly minimum expenditures, payments and issuance of shares to Cascabel are as follows:

Period	Work Commitment	Cash Payment	Shares issued	Other requirements
First two years, cumulative	\$75,000	Nil	Nil	Deliver technical report to NI 43-101 standards
Each of third and fourth years	\$100,000	US \$100,000	Nil	Nil
Fifth year	\$500,000	US \$300,000	2,000,000 shares	Drilling program of at least 2,500 metres

- Prismo will perform sufficient assessment work to satisfy the applicable government work commitment costs on the Property through the end of each tax period.

On March 19, 2021, the company received an NI 43-101 Technical Report on the Los Pavitos property, commissioned as one of the requirements of the option agreement. This report is available on SEDAR. The report concluded that Los Pavitos has potential for both Epithermal Gold-Silver veins and Orogenic (Shear-hosted) Gold deposits. Epithermal veins are the most abundant mineralization style in the area, and several have been located in Los Pavitos. However, the project is hosted by Mesozoic metasediments that are part of older terranes that underlie much of Northwest Mexico and these rocks have been regionally sheared and later intruded by plutons of intermediate composition. Rocks of similar composition and history host several large Orogenic Gold deposits that have been discovered elsewhere in western Sonora and the Company believes Los Pavitos is also prospective for them.

The NI 43-101 Technical Report recommends more work to ascertain the dominant mineralization styles at Los Pavitos through a preliminary exploration program consisting of project and target scale geologic mapping and sampling starting in the areas of known gold mineralization with the goal of projecting the geology laterally into areas with partial to complete cover.

Dr. Craig Gibson, President and CEO of the Company, stated "Los Pavitos provides Prismo a foothold in a long-established but underexplored mining region and provides an excellent opportunity for advancing a potentially large-scale gold project".

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The following amounts have been invested in exploration and evaluation assets:

	CAD \$	(USD) \$
Balance, December 31, 2019	453,041	
Other	2,137	
Balance, March 31, 2020	455,178	
ProDeMin Option - cash	68,939	50,000
Palos verdes remaining 25% option - cash	40,545	30,000
Palos verdes remaining 25% option - warrants	13,103	
Concession payments under the ProDeMin Option - cash	604	
Concession payments under the Cascabel Option - cash	137,796	
Drilling	132,008	
Assays and laboratory	3,137	
Technical reports	9,901	
Other	13,328	
Balance, December 31, 2020	874,539	
Concession payments under the cascabel option (payable)	35,000	
Other	1,706	
<b>Balance, March 31, 2021</b>	<b>911,245</b>	

**Results of Operations**

	Three months ended March 31				
	2021 \$	% of expenses	2020 \$	% of expenses	% change
<b><u>Cash expenses</u></b>					
Investor relations	34,971	74.32%	-	0.00%	n/a
Administration and accounting	5,004	10.63%	5,760	44.79%	-13.13%
Filing and transfer agent fees	3,823	8.12%	-	0.00%	n/a
Audit and legal	2,500	5.31%	6,661	51.80%	-62.47%
Office and sundry	761	1.62%	438	3.41%	73.74%
	<u>47,059</u>	<u>100.00%</u>	<u>12,859</u>	<u>100.00%</u>	<u>265.96%</u>
<b><u>Non-cash (income) expenses</u></b>					
Foreign exchange loss	591		(1,054)		
Total non-cash expenses	<u>591</u>		<u>(1,054)</u>		
<b>Loss for the period</b>	<u><u>(47,650)</u></u>		<u><u>(11,805)</u></u>		

The highest expense for the period was investor relations as, in addition of having a full-time in-house consultant with a monthly fee of \$2,000, the Company engaged an investor relations firm with a one-year contract to create and expand market awareness.

Administration fees were consistent with those of the equivalent period of the prior year.

Filing and transfer agent fees were not incurred during the prior year's equivalent period, as the Company was still private.

No legal fees were incurred during the current period, only audit fees related to the completion of the 2020 audit that had not been previously accrued. During the prior period there were costs related to audit and legal fees.

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**Quarterly information**

The following table provides a summary of the financial indicators of the last eight quarters:

	Quarter ended (three-month figures) (\$)							
	31-Mar 2021 Q1	31-Dec 2020 Q4	30-Sep 2020 Q3	30-Jun 2020 Q2	31-Mar 2020 Q1	31-Dec 2019 Q4	30-Sep 2019 Q3	30-Jun 2019 Q2
Loss before other expenses Per share, basic and diluted	(47,650) (0.00)	(166,853) (0.01)	(179,572) (0.01)	(23,130) (0.00)	(11,805) (0.00)	(53,418) (0.00)	(18,538) (0.00)	(11,477) (0.01)
Loss and comprehensive loss Per share, basic and diluted	(47,650) (0.00)	(166,853) (0.01)	(179,572) (0.01)	(23,130) (0.00)	(11,805) (0.00)	(53,418) (0.00)	(18,538) (0.00)	(11,477) (0.01)
Total assets	983,157	986,495	1,007,350	544,436	582,813	630,519	479,894	272,074
Total liabilities	182,552	155,576	81,312	12,150	27,397	63,298	17,702	8,030
Shareholders' equity	800,605	830,919	926,038	532,286	555,416	567,221	462,192	264,044
Cash dividends declared	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

During the first quarter of 2021, the Company kept its expenses at a minimum in an effort to preserve capital.

The filing of the Prospectus, the closing of the IPO and the listing on the CSE having taken place during Q3 2020, with many of the related costs invoiced to the Company during Q4, 2020, hence the significantly higher loss during the last two quarters of 2020 than during the prior periods. The increase in total assets on Q3 2020 also reflects the proceeds received from the closing of the IPO.

**Liquidity Working Capital and Capital Resources**

The Company's liquidity and working capital figures are as follows:

	<b>March 31, 2021</b>	December 31, 2020
	<b>\$</b>	\$
Cash and cash equivalents	<b>68,536</b>	101,643
Accounts receivable (Canadian GST)	<b>2,626</b>	9,510
<b>Total liquidity</b>	<b>71,162</b>	111,153
Prepaid expenses and deposits	<b>750</b>	803
Accounts payable and accrued liabilities	<b>(173,164)</b>	(123,485)
Amounts due to related parties	<b>(9,388)</b>	(32,091)
<b>Working capital deficit:</b>	<b>(110,640)</b>	(43,620)

The Company will have to seek additional financing in order to sustain its operations for the next year. The longer-term ability of the Company to continue its business is dependent on the continuing success of its exploration programs coupled with available funding through sale of its share capital.

**PRISMO METALS INC.**  
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**Transactions with related parties**

The following transactions with related parties took place:

Three months ended March 31:	<b>2021</b>	2020
	<b>\$</b>	<b>\$</b>
Management fees paid to InterAmerica Consulting & Development Inc. ("InterAmerica"), a company controlled by Mr. Salvador Miranda, Chief Financial Officer of the Company:	<b>5,004</b>	5,760

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As at March 31, 2021, an amount of \$9,388 (December 31, 2020 - \$32,091) remained payable to related parties for administration and accounting services and/or for reimbursable expenses, and paid subsequently.

The ProDeMin Option for the acquisition of the Palos Verdes project, including related share and unit issuances, is a related party transaction, as ProDeMin is controlled by Dr. Peter Craig Gibson, a director, president and CEO of the Company.

The Cascabel Option, including the issuance of units, is a related party transaction, as Mr. Jorge Rafael Gallardo Romero and Ms. Guadalupe Yeomans Otero, both directors of the Company, have an interest in the Los Pavitos project related to the Cascabel Option.

**Outstanding Share Data**

As at the date of this MD&A Company has:

- a) 17,862,057 common shares issued and outstanding, of which 9,000,001 are held by insiders and certain advisors and the rest is public float;
- b) 7,700,000 share purchase warrants outstanding with a weighted average exercise price of \$0.10 and a weighted average life of approximately 3.5 years;
- c) 33,800 Agent's options with an exercise price of \$0.125 and an average life of 2 years; and
- d) 1,450,000 stock options with an exercise price of \$0.125 and an average life of 5 years.

The fully diluted number of shares is 27,045.867.

**Off-Balance Sheet Arrangements**

None

**Proposed Transactions**

None

**Accounting Policies**

Please refer to notes 2 and 3 to the annual audited financial statements for the year ended December 31, 2020 for a complete description of the basis of presentation and the accounting policies followed, respectively.

**PRISMO METALS INC.**  
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**Financial Instruments**

The Company classifies cash, accounts receivables, accounts payable and accrued liabilities, and due to related parties at amortized cost. At present, the Company does not have any FVTPL or FVTOCI financial assets.

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the date of the statement of financial position, and how the entity manages these risks.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

*Currency Risk*

As at March 31, 2021, all of the Company's cash and cash equivalents were held either in Canadian dollars or US dollars. The Company incurs expenditures in Canada and Mexico, and as such is exposed to currency risk associated with these costs. However, at this stage, the Company believes that the currency risks are immaterial.

*Interest rate and credit risk*

The Company has no loans and is therefore not subject to interest rate or credit risk.

*Liquidity risk*

The Company will depend on the advances provided by public and/or private investors. The liquidity risk relates to the low cash position and the dependence on these investments. See Note 1 to the Financial Statements for further discussion regarding liquidity risks.

**Critical Accounting Estimates**

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses, and the valuation of stock options and share purchase warrants. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual results may differ from these estimates.

Resource properties: The carrying value of the Company's mineral properties are reviewed by management quarterly, or whenever events or circumstances indicate that their carrying amounts may not be recovered. Management considers potential impairment indicators including, but not limited to, changes in commodity prices, plans for the properties and the results of exploration to date.

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**Risk Factors**

Please refer to the annual MD&A for the year ended December 31, 2020, for a complete list of risk factors associated with the Company's operations.

**Cautionary note for USA readers**

As a Canadian corporation, the Company is subject to certain rules and regulations issued by the Canadian securities regulators such as the British Columbia Securities Commission, Alberta Securities Commission, Ontario Securities Commission and other provincial regulators as may be required. The Company is required to provide detailed information regarding its properties including mineralization, drilling, sampling and analysis, on security of samples and mineral reserve estimates. Further, the Company describes any mineral resources associated with its properties utilizing terminology such as "inferred" or "indicated" which are terms recognized by Canadian securities regulators but not recognized by the United States' Securities and Exchange Commission.

**Management's responsibility over financial information**

The Company's management is responsible for presentation and preparation of the quarterly and annual financial statements and the MD&A. These financial statements have been prepared in accordance with IFRS.

The MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators ("CSA").

The quarterly and annual financial statements and information in the MD&A necessarily include amounts based on informed judgments and estimates of the expected effects of current events and transactions with appropriate consideration to materiality. In addition, in preparing the financial information we must interpret the requirements described above, make determinations as to the relevancy of information to be included, and make estimates and assumptions that affect reported information. The MD&A also includes information regarding the impact of current transactions and events, sources of liquidity and capital resources, operating trends, risks and uncertainties. Actual results in the future may differ materially from our present assessment of this information because future events and circumstances may not occur as expected.

**Disclosure Controls and Procedures**

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed interim financial statements for the three months ended March 31, 2021, and this accompanying MD&A (together, the "Interim Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR at [www.sedar.com](http://www.sedar.com).

**Legal Proceedings**

As at the date of this document, there were no legal proceedings against or by the Company.

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