

Prisma Exploration Inc.

Management's Discussion and Analysis

For the Three Months Ended March 31, 2023

General

This management discussion and analysis should be read in conjunction with the unaudited condensed interim financial statements and related notes thereto of Prisma Exploration Inc. (the "Company") for the three months ended March 31, 2023 and 2022 (the "Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board. All amounts in the condensed interim financial statements and this discussion and analysis are presented in Canadian dollars, unless otherwise indicated. This Management Discussion and Analysis ("MD&A") is dated May 12, 2023 and discloses specified information up to that date.

Management is responsible for the preparation and integrity of the condensed interim financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the condensed interim financial statements and Management Discussion and Analysis ("MD&A"), is complete and reliable.

This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made. Additional information on the Company is available for viewing on SEDAR at www.sedar.com.

Description of Business

The Company is a public company listed at the Canadian Securities Exchange. The Company commenced trading under the symbol "PMS" as at market open on January 17, 2022 and is focused on the acquisition, exploration, and development of mineral properties.

On February 11, 2022, the Company changed its name from Prisma Capital Inc. to Prisma Exploration Inc.

Exploration and Evaluation Assets

McGillivray Property

On October 5, 2020, the Company entered into a definitive agreement to acquire 100% undivided interest in twenty (20) mineral claims comprising the property called "McGillivray" located near Lytton, in the Kamloops Mining Division of British Columbia.

In consideration for the 100% undivided interest in the property, the Company shall pay the aggregate sum of \$212,500 which includes the deposit of \$7,500, as paid at the time of signing of the agreement, issue to the optionor a total of 900,000 shares and complete a minimum expenditure, as per the below schedule:

Date	Shares		Cash Payment		Expenditures	
On signing	100,000	(issued)	\$ 7,500	(paid)	\$ 55,000	(met)
1st anniversary	100,000	(issued)	10,000	(paid)	-	
2nd anniversary	100,000	(issued)	15,000	(paid)	50,000	(met)
3rd anniversary	200,000		30,000		-	
4th anniversary	200,000		50,000		50,000	
5th anniversary	200,000		100,000		-	
Total	900,000		\$ 212,500		\$ 155,000	

Further, under the McGillivray option agreement, the Company and the optionor have also agreed upon a net smelter return royalty (the "NSR"), pursuant to the terms and consideration of which the optionor shall receive the

2% NSR from the Company. The Company can repurchase the 1.5% NSR upon payment to the optionor of \$1,000,000. On the commencement of commercial production, the NSR shall be increased to 3%.

During the year ended December 31, 2021, pursuant to the 1st anniversary obligation laid out in the option agreement, the Company made a cash payment of \$10,000 as per the agreement and recognized an obligation to issue 100,000 shares of the Company at a fair value of \$10,000. The company fulfilled the obligation on February 9, 2022.

During the year ended December 31, 2022, pursuant to the 2nd anniversary obligation laid out in the option agreement, the Company has accrued \$15,000 for the cash portion and recognized an obligation to issue 100,000 shares of the Company at a fair value of \$13,500. During the period ended March 31, 2023, the Company adjusted its obligation to issue shares to a fair value of \$10,000 (December 31, 2022 - \$17,500) with an unrealized gain of \$7,500. The company fulfilled the obligations on April 11, 2023.

The following is a description of the Company's exploration and evaluation asset and the related expenditures incurred for the three months ended ended March 31, 2023 and year ended December 31, 2022:

	March 31, 2023		December 31, 2022	
Property acquisition costs				
Balance, beginning	\$	58,500	\$	30,000
Additions		-		28,500
Balance, ending	\$	58,500	\$	58,500
Exploration and evaluation costs				
Balance, beginning	\$	104,659	\$	59,998
Costs incurred during the period:				
Assaying		11,417		20,299
Consulting		-		20,213
Travel and accommodation		-		4,149
Balance, ending		116,076		104,659
Total	\$	174,575	\$	163,159

Results of Operations

	Three Months ended March 31, 2023	Three Months ended March 31, 2022
Expenses		
Office and administration	\$ 18	\$ 18
Filing and regulatory	2,407	12,604
Professional and consulting fees	10,592	11,651
Transfer agent fees	557	6,373
Fair value adjustment on obligation to issue shares	(7,500)	-
Loss and comprehensive loss	\$ 6,074	\$ 30,646

Three Months Ended March 31, 2023 and 2022

Loss and Expenses

The net loss for the three months ended March 31, 2023 was \$6,074 compared to a net loss of \$30,646 for the three months ended March 31, 2022, representing a decrease in loss of \$27,572.

Material variances over the comparable period are discussed below:

- Filing and regulatory fees for the three months ended March 31, 2023 was \$2,407 compared to \$12,604 for the three months ended March 31, 2022. The decrease in the current year was due to fees incurred in connection listing in the previous year on The Canadian Stock Exchange.
- Professional and consulting fees for the three months ended March 31, 2023 were \$10,592 compared to \$11,651 for the three months ended March 31, 2022. The decrease in current year was due to the higher fees incurred in relation to belated tax return filings from 2018 to 2021.
- Transfer agent fees for the three months ended March 31, 2023 was \$557 as compared to \$6,373 for the three months ended March 31, 2022. The decrease in current year was due to fees incurred in connection with name change and a set-up fee on the escrow agreement in the previous year.
- Fair value adjustment for the three months ended March 31, 2023 resulted in gain of \$7,500 as compared to \$Nil for the three months ended March 31, 2022. The gain was due to a revaluation of FV of shares to be issued as part of the obligation.

Selected Quarterly Information

The following selected financial data has been prepared in accordance with IFRS and all dollar amounts are in Canadian dollars.

Quarter Ended	Loss for the period	Loss per share (Basic & Diluted)	Total Assets	Interest Income
March 31, 2023	\$6,074	0.00	\$250,589	\$Nil
December 31, 2022	\$65,489	0.01	\$268,258	\$Nil
September 30, 2022	\$8,629	0.00	\$274,634	\$Nil
June 30, 2022	\$21,787	0.00	\$290,897	\$Nil
March 31, 2022	\$30,646	0.00	\$306,726	\$Nil
December 31, 2021	\$28,003	0.00	\$333,902	\$Nil
September 30, 2021	\$7,840	0.00	\$250,589	\$Nil
June 30, 2021	\$12,818	0.00	\$359,852	\$Nil

Financial Condition, Liquidity and Capital Resources

The Company had a working capital of \$15,432 as at March 31, 2023 compared to a working capital of \$32,922 as at December 31, 2022. The Company does not currently have an active business generating positive cash flows. The Company is reliant on equity financing or shareholder loans to provide the necessary cash to acquire or participate in an active business. There can be no assurance that equity financings will be available to the Company in the future that will be obtained on terms satisfactory to the Company.

The Company has not entered into any off-balance sheet arrangements.

Related Party Transactions

Balances

As at March 31, 2023 and December 31, 2022, the Company had no amount due to the related parties.

All related party transactions are in the normal course of operations and have been measured at the agreed amount, which is the amount of consideration established and agreed to by the related parties. The Company did not have any related party transactions during the three months ended March 31, 2023 and 2022.

Financial Instruments and Risk Management

Fair Values

The fair values of cash and accounts payable and accrued liabilities approximate their carrying values because of the short-term nature of these instruments.

Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company considers the fluctuations of financial markets and seeks to minimize potential adverse effects on financial performance.

Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management process.

Credit Risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligation. The Company is not exposed to credit risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. Such fluctuations may be significant.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cashflow interest rate risk. The Company maintains a bank account with cash balance, but it does not believe it is currently subject to any significant interest rate risk. The Company has no interest-bearing debt.

Foreign Currency Risk

The Company is not exposed to foreign currency risk on fluctuations in exchange rates.

Price Risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

COVID-19

Since March 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID- 19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

Additional Share Information

At March 31, 2023, the Company had 7,060,901 issued and fully paid common shares.

At the date of this report, the Company had 7,160,901 issued and fully paid common shares.

At March 31, 2023 and at the date of this report, the Company had 2,500,000 warrants outstanding.

At March 31, 2023 and at the date of this report, the Company had not issued any options and no options were outstanding.

Contingencies

The Company is not aware of any contingencies or pending legal proceedings as of as at the date of this report.

Disclaimer

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. It should be read in conjunction with all other disclosure documents provided by the Company, which can be accessed at www.sedar.com. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

Cautionary Statement on Forward Looking Information

Certain statements contained in this document constitute "forward-looking statements." Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressly stated or implied by such forward-looking statements.