



# **PROSPECTOR**

Metals Corp.

**PROSPECTOR METALS CORP.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**For the Nine Months Ended September 30, 2023 and 2022**

**Unaudited – Expressed in Canadian dollars**

## **Notice to Reader**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**PROSPECTOR METALS CORP.**  
**Condensed Interim Consolidated Statements of Financial Position**  
(Unaudited - Expressed Canadian Dollars)

	Note(s)	September 30, 2023	December 31, 2022
<b>ASSETS</b>			
Current assets:			
Cash		\$ 764,306	\$ 887,341
Accounts receivable	5	48,839	303,988
Investments	6	178,241	1,758,867
Prepaid expenses		311,667	351,234
Total current assets		1,303,053	3,301,430
Non-current assets:			
Bond		37,500	37,500
Exploration and evaluation assets	4	7,472,601	7,757,034
Property, plant and equipment		47,818	68,038
Total assets		\$ 8,860,972	\$ 11,164,002
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities		\$ 34,069	\$ 624,402
Flow-through share premium	11	118,880	69,033
Total current liabilities		152,949	693,435
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	7	48,197,476	47,447,312
Contributed surplus	7	8,758,936	8,464,428
Deficit		(48,248,389)	(45,441,173)
Total shareholders' equity		8,708,023	10,470,567
Total liabilities and shareholders' equity		\$ 8,860,972	\$ 11,164,002

Nature of operations (Note 1)

Approved by the Board of Directors and authorized for issue on November 29, 2023.

\_\_\_\_\_  
“Craig Roberts” Director

\_\_\_\_\_  
“Michael Murphy” Director

- The accompanying notes are an integral part of these condensed interim consolidated financial statements -

# PROSPECTOR METALS CORP.

## Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Unaudited - Expressed Canadian Dollars)

		Three months ended September 30,		Nine months ended September 30,	
	Note	2023	2022	2023	2022
<b>Expenses</b>					
Consulting fees		\$ (90,750)	\$ (289,398)	\$ (438,571)	\$ (739,611)
Depreciation expense		(6,740)	(6,740)	(20,220)	(15,083)
Exploration and project evaluation	4	(293,015)	(1,608,219)	(1,417,578)	(3,699,069)
Investor relations		(42,385)	(39,806)	(211,440)	(260,076)
Listing and filing fees		(7,844)	(6,300)	(34,400)	(70,715)
Office and administrative		(51,796)	(114,084)	(188,609)	(336,518)
Professional fees		(16,797)	(64,880)	(128,537)	(186,263)
Rent		(7,726)	(7,726)	(23,180)	(19,163)
Share-based compensation		-	-	(276,536)	(349,138)
Travel		(17,593)	(11,711)	(102,605)	(72,507)
Loss before the undernoted		(534,646)	(2,148,864)	(2,841,676)	(5,748,143)
<b>Other income (expenses)</b>					
Change in fair value of investments	6	(49,921)	185,116	209,723	(660,180)
Foreign exchange loss		(39)	(114)	(1,299)	(760)
Interest income		2,729	10,161	24,480	27,994
Other income from settlement of flow-through liability	11	62,179	426,015	300,716	694,732
Impairment of exploration and evaluation asset	4	(347,100)	(527,500)	(347,100)	(527,500)
Write-off of amounts receivable		(152,060)	-	(152,060)	-
Other income		-	5,048	-	342,185
<b>Net loss and comprehensive loss for the period</b>		\$ (1,018,858)	\$ (2,050,138)	\$ (2,807,216)	\$ (5,871,672)
<b>Basic and diluted loss per common share</b>		\$ (0.02)	\$ (0.04)	\$ (0.05)	\$ (0.11)
<b>Weighted average number of common shares outstanding</b>		62,462,472	55,914,158	60,930,670	52,932,566

- The accompanying notes are an integral part of these condensed interim consolidated financial statements -

## PROSPECTOR METALS CORP.

### Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

For the nine months ended September 30, 2023 and 2022

(Unaudited - Expressed Canadian Dollars)

	Share Capital (Note 7)		Share Option Reserves	Deficit	Total shareholders' equity
	Number of shares	Amount			
<b>Balance, December 31, 2021</b>	<b>48,046,746</b>	<b>\$ 42,966,960</b>	<b>\$ 7,871,449</b>	<b>\$ (37,873,354)</b>	<b>\$ 12,965,055</b>
Shares issued for property acquisition	2,683,318	1,353,989	-	-	1,353,989
Shares issued for private placements	5,387,898	3,461,771	-	-	3,461,771
Share issuance cost – cash	-	(129,000)	-	-	(129,000)
Share issuance cost – finders' warrants	-	(43,360)	43,360	-	-
Share-based compensation	-	-	349,138	-	349,138
Flow-through premium	-	(299,608)	-	-	(299,608)
Net loss for the period	-	-	-	(5,871,672)	(5,871,672)
<b>Balance, September 30, 2022</b>	<b>54,867,962</b>	<b>\$ 47,310,752</b>	<b>\$ 8,263,947</b>	<b>\$ (43,745,026)</b>	<b>\$ 11,829,673</b>
<b>Balance, December 31, 2022</b>	<b>57,684,626</b>	<b>\$ 47,447,312</b>	<b>\$ 8,464,428</b>	<b>\$ (45,441,173)</b>	<b>\$ 10,470,567</b>
Shares issued for property acquisition	133,333	12,667	-	-	12,667
Shares issued for private placements	4,644,513	1,140,130	-	-	1,140,130
Flow-through share premium	-	(350,563)	-	-	(350,563)
Share-based compensation	-	-	276,536	-	276,536
Share issuance costs	-	(52,070)	17,972	-	(34,098)
Net loss for the period	-	-	-	(2,807,216)	(2,807,216)
<b>Balance, September 30, 2023</b>	<b>62,462,472</b>	<b>\$ 48,197,476</b>	<b>\$ 8,758,936</b>	<b>\$ (48,248,389)</b>	<b>\$ 8,708,023</b>

- The accompanying notes are an integral part of these condensed interim consolidated financial statements -

# PROSPECTOR METALS CORP.

## Condensed Interim Consolidated Statements of Cash Flows

(Unaudited - Expressed Canadian Dollars)

	Note(s)	For the three months ended		For the nine months ended	
		September 30,		September 30,	
		2023	2022	2023	2022
<b>Cash flows from operating activities:</b>					
Net loss for the year		\$ (1,018,858)	(2,050,138)	\$ (2,807,216)	(5,871,672)
Items not affecting cash:					
Depreciation expense		6,740	6,740	20,220	15,083
Change in fair value of investments	6	49,921	(185,116)	(209,723)	660,180
Other income from settlement of flow-through liability	11	(62,179)	(426,015)	(300,716)	(694,732)
Share-based compensation		-	-	276,536	349,138
Impairment of exploration and evaluation asset		347,100	527,500	347,100	527,500
Write-off of amounts receivable		152,060	-	152,060	-
Changes in non-cash working capital:					
Accounts payable and accrued liabilities		(195,312)	28,157	(590,334)	(263,465)
Amounts receivable		(23,697)	(43,771)	103,089	(208,527)
Prepaid expenses		16,964	357,914	39,567	(165,636)
<b>Net cash used in operating activities</b>		<b>(727,261)</b>	<b>(1,784,729)</b>	<b>(2,969,417)</b>	<b>(5,652,131)</b>
<b>Cash flows from investing activities:</b>					
Acquisition of mineral properties		-	-	(50,000)	(50,000)
Acquisition of property, plant and equipment		-	-	-	(89,861)
Proceeds on sale of investments	6	68,953	-	1,790,350	-
<b>Net cash provided by (used in) investing activities</b>		<b>68,953</b>	<b>-</b>	<b>1,740,350</b>	<b>(139,861)</b>
<b>Cash flows from financing activities:</b>					
Proceeds from private placements	7	-	-	1,140,130	3,461,771
Share issuance costs	7	-	-	(34,098)	(129,000)
<b>Net cash provided by financing activities</b>		<b>-</b>	<b>-</b>	<b>1,106,032</b>	<b>3,332,771</b>
Net change in cash		(658,308)	(1,784,729)	(123,035)	(2,459,221)
Cash, beginning of the period		1,422,614	2,883,899	887,341	3,558,391
Cash, end of the period		\$ <b>764,306</b>	<b>1,099,170</b>	\$ <b>764,306</b>	<b>1,099,170</b>
<b>Cash and cash equivalents consisted of:</b>					
Cash deposited with a Canadian Senior Bank		\$ 655,215	990,079	\$ 655,215	990,079
Term deposits and guaranteed investment certificates issued		109,091	109,091	109,091	109,091
		\$ 764,306	1,099,170	\$ 764,306	1,099,170

### Supplemental Cash Flow Information (Note 9)

- The accompanying notes are an integral part of these condensed interim consolidated financial statements -

# **PROSPECTOR METALS CORP.**

## **Notes to the condensed interim consolidated financial statements**

**For the nine months ended September 30, 2023 and 2022**

**(Unaudited - Expressed in Canadian Dollars)**

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### **1. NATURE OF OPERATIONS**

Prospector Metals Corp. (the “Company” or “Prospector”) was incorporated on March 12, 2007 under the British Columbia Business Corporations Act. The Company is trading on the TSX Venture Exchange under the ticker symbol PPP. Its registered office is located at Suite 1012 – 1030 W Georgia St., Vancouver, BC, V6E 2Y3. The Company’s principal business activities are the identification, exploration and development of economically viable mineral properties.

As at September 30, 2023, the Company had current assets of \$1,303,053 (December 31, 2022 - \$3,301,430) to settle current liabilities of \$152,949 (December 31, 2022 - \$693,435), leaving the company with working capital of \$1,150,104 (December 31, 2022 - \$2,607,995).

These condensed interim consolidated financial statements have been prepared on the basis that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The ability of the Company to continue as a going concern is dependent on obtaining additional financing and if required through the issuance of debt or equity. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect the adjustments or reclassifications that would be necessary if the Company were unable to continue operations in the normal course of business.

### **2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION, AND CONSOLIDATION**

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) for interim information, specifically International Accounting Standards (“IAS”) 34 - Interim Financial Reporting. In addition, these condensed interim consolidated financial statements have been prepared using interpretations issued by the International Financial Reporting Interpretation Committee (“IFRIC”) in effect at September 30, 2023 and the same accounting policies and methods of their application as the most recent annual financial statements of the Company. These condensed interim consolidated financial statements do not include all disclosures normally provided in the annual financial statements and should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2022.

In management’s opinion, all adjustments necessary for fair presentation have been included in these condensed interim consolidated financial statements. Interim results are not necessarily indicative of the results expected for the year ending December 31, 2023.

The condensed interim consolidated financial statements for the nine months ended September 30, 2023 (including comparatives) have been prepared by management, reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on November 29, 2023.

These condensed interim consolidated financial statements include the financial statements of Prospector Metals Corp. and its wholly owned subsidiaries, Canadian subsidiary 1088151 B.C. Ltd., and its 100% owned Mexican subsidiary Compañía Minera Roca Dorada, SA de CV (“Roca Dorada”). Subsidiaries are entities controlled by the Company. The Company controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over its subsidiary. All significant inter-company balances and transactions have been eliminated upon consolidation.

# PROSPECTOR METALS CORP.

## Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars)

### 3. SIGNIFICANT ACCOUNTING POLICIES

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amount of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences.

Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods.

These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are noted below with further details of the assumptions contained in the relevant note.

The preparation of these condensed interim consolidated financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 1.

The critical estimates and judgments applied in the preparation of the unaudited condensed interim consolidated financial statements for the nine months ended September 30, 2023 are consistent with those applied and disclosed in note 3 of the Company's audited consolidated financial statements for the year ended December 31, 2022.

#### a) Recent accounting pronouncements

Certain accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

### 4) MINERAL INTERESTS

#### Acquisition costs

	British Columbia	Ontario	Quebec	Newfoundland	Total
Balance, Dec 31, 2021	836,500	2,100,400	1,084,145	2,368,000	<b>6,389,045</b>
Acquisition costs:					
Cash payments	-	50,000	20,000	190,000	<b>260,000</b>
Share issuances	29,000	1,499,156	-	107,333	<b>1,635,489</b>
Impairment	(527,500)	-	-	-	<b>(527,500)</b>
Balance, Dec 31, 2022	338,000	3,649,556	1,104,145	2,665,333	<b>7,757,034</b>

## PROSPECTOR METALS CORP.

### Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars)

Acquisition costs:					
Cash payments	-	-	-	50,000	<b>50,000</b>
Share issuances	-	-	-	12,667	<b>12,667</b>
Impairment	(338,000)	(9,100)	-	-	<b>(347,100)</b>
Balance, September 30, 2023	-	3,640,456	1,104,145	2,728,000	<b>7,472,601</b>

### Exploration expenditures

During the nine months ended September 30, 2023, the Company incurred the following exploration expenses:

	British Columbia	Ontario	Quebec	Newfoundland	Total
Administration	16,753	108,199	17,211	8,371	<b>150,534</b>
Assays	694	88,668	6,400	-	<b>95,762</b>
Camp costs	-	204,433	990	4,402	<b>209,825</b>
Community relations	-	-	-	-	-
Drilling	-	169,001	6,007	-	<b>175,008</b>
Field equipment	-	1,713	-	-	<b>1,713</b>
Geological consulting	58,654	412,979	28,648	44,447	<b>544,728</b>
Geophysics	69,500	-	-	-	<b>69,500</b>
Property maintenance	25,660	15,943	113,688	650	<b>155,941</b>
Travel	-	14,567	-	-	<b>14,567</b>
	171,261	1,015,503	172,944	57,870	<b>1,417,578</b>

During the nine months ended September 30, 2022, the Company incurred the following exploration expenses:

	British Columbia	Ontario	Quebec	Newfoundland	Total
Administration	1,903	17,330	58,938	35,605	<b>113,776</b>
Assays	1,536	94,915	17,257	180,723	<b>294,431</b>
Camp costs	1,803	185,605	421,706	302,624	<b>911,378</b>
Community relations	-	-	-	-	-
Drilling	-	-	-	440,738	<b>440,738</b>
Field equipment	-	20,574	-	20,601	<b>41,175</b>
Geological consulting	67,748	545,164	507,285	681,944	<b>1,802,141</b>
Geophysics	-	40,903	-	23,227	<b>64,130</b>
Property maintenance	1,987	24,453	1,860	3,000	<b>31,300</b>
	74,977	928,944	1,007,046	1,688,102	<b>3,699,069</b>

## PROSPECTOR METALS CORP.

### Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars)

#### a) Perk-Rocky Project, British Columbia

On May 10, 2019, the Company entered into an option agreement to acquire a 100% interest in the Perk-Rocky project located 225km west of Williams Lake, British Columbia. The Company can earn a 100% interest in the Perk-Rocky Project by incurring exploration expenses totaling \$350,000 (incurred) on or prior to the first anniversary of the agreement and by making \$690,000 in cash payments and issuing 966,667 common shares of the Company as follows:

	Cash		Shares	
Within five days of the execution date	\$10,000	Paid	-	
Within five days of TSX Venture acceptance	\$30,000	Paid	100,000	Issued
May 10, 2020	\$75,000	Paid	150,000	Issued
August 16, 2021	\$75,000*	Paid	150,000*	Issued
October 31, 2022	\$500,000*		566,667*	

\*During the year ended December 31, 2021, the Company amended the Perk-Rocky option agreement whereby the second anniversary payments of \$175,000 in cash and 233,333 common shares due on or before August 16, 2021 are now \$75,000 (paid) and 150,000 shares (issued) respectively and the third anniversary payments of \$400,000 cash and 483,333 shares due on or before October 31, 2022 are now \$500,000 and 566,667 shares respectively.

During the year ended December 31, 2022, the Company terminated the option agreement on the Perk-Rocky-project, and wrote down the carrying value of the Perk Rocky project totaling \$527,500 to \$Nil at December 31, 2022.

#### b) Gaffney, BC

On September 11, 2020, the Company entered into an earn in agreement whereby the Company can earn a 100% interest in the Gaffney gold property located in central British Columbia by making the following cash and share payments:

	Cash		Shares	
Within five days of the execution date	\$15,000	Paid	-	
Within five days of TSX Venture acceptance	-		200,000	Issued
On or before October 1, 2021	-		200,000	Issued
On or before October 1, 2022	-		200,000	Issued
On or before October 1, 2023	-		200,000	Issued

During the year ended December 31, 2022, 200,000 shares were issued with a fair value of \$29,000 in relation to the Gaffney Property earn-in agreement (2021 - 200,000 shares with a fair value of \$168,000).

The vendor retains a 1% NSR royalty, of which the first 0.5% can be purchased for \$500,000, and a second tranche of 0.5% may be purchased for \$1,000,000. There are no work commitments.

Subsequent to the period ended September 30, 2023, the Company terminated the earn-in agreement on the Gaffney project and wrote down the carrying value of the project totaling \$338,000 to \$Nil at September 30, 2023.

## PROSPECTOR METALS CORP.

### Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars)

#### c) Fuchsite Lake, Ontario

On August 5, 2020, the Company staked the Fuchsite Lake claim block (“Fuchsite Lake Gold Project”) in the province of Ontario, which comprises 3750 hectares located 20 km north of the town of Armstrong, Ontario. Staking costs of \$9,100 are included in mineral property acquisition costs.

On September 3, 2020, the Company entered into a definitive property option agreement with Cross River Ventures Corp. (“Cross River”) whereby Cross River has been granted the right to acquire up to a 60% interest in the project by advancing to the Company total cash payments of \$300,000 and 2,000,000 Cross River common shares. In addition, Cross River must incur \$1,950,000 in exploration expenditures on the project. The schedule of cash payments, share issuances and exploration expenditures are as follows:

	Cash		Shares		Work Commitment
Upon signing	-		500,000	Received	-
December 31, 2020	-		-		-
On or before December 3, 2021*	\$75,000	Received	500,000	Received	-
December 31, 2021	-		-		-
On or before September 3, 2022	\$75,000		500,000		-
December 31, 2022	-		-		\$1,200,000
On or before September 3, 2023	\$75,000		500,000		-
December 31, 2023	-		-		\$750,000
On or before September 3, 2024	\$75,000		-		-

Upon Cross River earning their 60% interest, the Company will retain a 2% NSR royalty on the project. Cross River can acquire 1% of the NSR royalty by paying the Company a one-time cash payment of \$1,000,000.

\* On September 1, 2021, an amendment was made to the property option agreement. The cash payment of \$75,000 and 500,000 Cross River common shares, previously due on September 3, 2021, is now due on or before December 3, 2021. During the year ended December 31, 2021, the Company received 500,000 Cross River shares valued at \$70,000 at issuance date and 546,249 Cross River shares in lieu of the \$75,000 cash payment.

As at September 30, 2023, Cross River is insolvent and the Company has exhausted all efforts to collect consideration. As such, the Company wrote down the carrying value of the project totaling \$9,100 to \$Nil in September 30, 2023.

#### d) Savant Lake, Ontario

On September 1, 2020, the Company entered into an earn-in agreement with New Dimension Resources Ltd. (“New Dimension”) whereby the Company can earn a 70% interest in the Savant Lake gold property located in northwest Thunder Bay, Ontario.

The Company can earn a 70% interest in the Savant Lake property by paying the optionor a total of \$200,000 in cash, issuing 2,666,667 common shares of the Company, and completing \$2,000,000 in exploration work, as follows:

## PROSPECTOR METALS CORP.

### Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars)

	Cash		Shares		Work Commitment	
Within five days of the execution date	\$50,000	Paid	-		-	
Within five days of TSX Venture acceptance	-		666,667	Issued	-	
On or before September 20, 2021	-		333,333	Issued	-	
On or before November 15, 2022	\$50,000	Paid	666,667	Issued	\$500,000	Met
On or before November 15, 2023	\$50,000		666,667		\$1,000,000	
On or before November 15, 2024	\$50,000		333,333		\$500,000	

If a mineral resource in excess of one million ounces of gold is defined on the property, the Company will make additional payments to New Dimension of \$50,000 in cash and issue 666,667 common shares of the Company.

During the year ended December 31, 2022, the Company issued 666,666 common shares in accordance with the Savant Lake property earn-in agreement with a fair value of \$90,000 and paid \$50,000 in cash (2021 - 333,333 common shares with a fair value of \$270,000). Due to ongoing community issues, the Company has called Force Majeure and as a result has not made the November 15, 2023 payment of cash and shares.

#### e) Campbell Lake Gold Project, Ontario

On October 6, 2020, the Company entered into an earn in agreement whereby the Company can earn a 100% interest in the Campbell Lake gold project located 40km north of the town of Armstrong, Ontario

The Company can earn a 100% interest in the Campbell Lake gold project by making the following cash and share payments:

	Cash		Shares	
Within five days of the execution date	\$10,000	Paid	-	
Within five days of TSX Venture acceptance	-		200,000	Issued
Within five days of an airborne geophysics survey date	-		200,000	Issued
On or before October 6, 2021	-		200,000*	Issued
On or before October 6, 2022	-		600,000*	Issued

There are no work commitments.

\* On April 27, 2021, the Company accelerated the Campbell Lake Gold Project acquisition by issuing 800,000 common shares relating to the acquisition of Campbell Lake mineral property with a fair value of \$480,000.

#### f) Fairchild Lake Project, Ontario

On February 3, 2021, the Company entered into an earn-in agreement under which Prospector may earn a 100% interest in the Fairchild Lake claim block located in Ontario by making the following cash and share payments:

## PROSPECTOR METALS CORP.

### Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars)

	Cash		Common Shares	
Within five days of the execution date	\$5,000	Paid	-	
Within five days of TSX-V approval	-		166,667	Issued
On or before November 1, 2021	-		166,666	Issued
On or before August 1, 2022	-		166,666	Issued

During the year ended December 31, 2022, the Company issued 166,666 common shares related to the earn in agreement on the Fairchild Lake Project with a fair value of 26,667 (2021 - 333,334 common shares with a fair value of \$215,000).

#### g) *Whitton Lake (formerly known as Heaven Lake) Project, Ontario*

On March 7, 2021, the Company entered into an earn-in agreement under which the Company may acquire a 100% interest in the 4,400-hectare Whitton Lake claim block by making the following cash and share payments:

	Cash		Shares	
Within five days of the execution date	\$23,300	Paid	-	
Within five days of TSX-V approval	-		666,667	Issued
Within 12 months of signing the earn-in agreement	-		666,667	Issued
Within 24 months of signing the earn-in agreement	-		666,667	Issued

There are no work commitments. There is a 2% NSR. The Company can acquire 1% of the NSR by paying \$1,000,000.

During the year ended December 31, 2022, the Company issued 1,333,318 common shares with a fair value of \$919,988 to acquire 100% of the Whitton Lake claim block.

#### h) *Bassano, Quebec*

On September 1, 2020, the Company entered into an earn in agreement whereby the Company can earn a 100% interest in the Bassano project, which is contiguous to the Company's Schefferville project in the province of Quebec.

The Company can earn a 100% in the Bassano project by paying the optionor a total of \$200,000 in cash, 1,166,667 shares, and completing \$500,000 in exploration work, as follows:

	Cash		Common Shares		Work Commitment
Within five days of the execution date	\$50,000	Paid	-		-
Within five days of TSX-V approval	-		33,333	Issued	-
November 15, 2021	\$50,000	Paid	66,667	Issued	\$125,000
November 15, 2022	\$20,000*	Paid	-		\$125,000
May 15, 2023	\$30,000*		133,333		\$125,000
November 15, 2023	\$50,000*		-		\$125,000

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The optionor will retain a 2% NSR royalty of which the Company may purchase 1% for \$1,000,000.

\*During the year ended December 31, 2022, the Company amended the Bassano earn-in agreement whereby:

- The second anniversary payment of \$50,000 and 133,333 common shares were amended to be \$20,000 in cash only;
- The third anniversary payment of \$50,000 and 266,667 common shares were amended to be \$30,000 in cash, and 133,333 common shares on or before May 15, 2023; and
- The fourth anniversary payment of \$nil in cash and 666,667 common shares were amended to be \$50,000 in cash.

During the year ended December 31, 2022, the Company paid \$20,000 in cash related to the Bassano property (2021 - \$50,000 and issued 66,667 common shares valued at \$48,000).

As at September 30, 2023, the Company is renegotiating a new option agreement payment and exploration commitment schedule.

#### i) Ligneris Property, Quebec

On June 26, 2019, the Company entered into an earn in agreement with Société d'exploration minière Vior Inc. ("Vior") whereby the Company can earn a 70% interest in the Ligneris property, located 90 km north of Rouyn-Noranda, Quebec. The Company can earn a 51% interest in the Ligneris Property by issuing Vior 333,333 common shares of the Company and incurring \$3,000,000 in exploration expenditures over the first four years of the agreements as follows:

	Work Commitment	Shares	
Within ten days of TSX Venture acceptance	-	66,667	Issued
On or before June 26, 2020	\$750,000*	75,000	Issued
On or before June 26, 2021	\$750,000	83,333	
On or before June 26, 2022	\$750,000	108,333	
On or before June 26, 2023	\$750,000	-	

\*Before the first anniversary the Company had satisfied its first-year work commitment.

Upon the Company earning its initial 51% interest in the Ligneris Property, the Company will have 60 days to elect to earn an additional 19% interest in the Ligneris Property by incurring an additional \$4,000,000 in exploration expenditures over the next three years, commencing from the date of the Company's election.

During the year ended, December 31, 2021, the Company concluded a termination and release agreement with Vior whereby Prospector has accepted to renounce all of its rights under the Earn-in Agreement dated June 26, 2019 on the Ligneris project in Abitibi, Quebec in exchange for 1 million Vior shares. On the year ended December 31, 2021, the Company received 1,000,000 shares of Vior (VIO.V). The fair value of these shares was \$220,000, which was recorded as a recovery against the Ligneris Property (\$114,205) and the remaining (\$105,795) was recorded as other income in the Statement of Loss and Comprehensive Loss.

#### j) Schefferville, Quebec

On August 5, 2020, the Company staked a total of 288 km<sup>2</sup> area in two claim blocks in the province of Quebec: the Sable block (234 km<sup>2</sup>) is centered 80 kilometers northwest of Schefferville and the Hamard block (54 km<sup>2</sup>) is

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centered 35 kilometers due west of Schefferville. Staking costs of \$80,145 are included in mineral property acquisition costs.

On October 15, 2020, Prospector announced that it has purchased a 100% interest in 206 mineral claims covering 10,018 Ha (100.2 km<sup>2</sup>) contiguous to Prospector's newly staked Sable block, part of the Schefferville Gold Project, 85 km northwest of Schefferville, Quebec.

Prospector has purchased the claims for \$50,000 cash (paid) and 500,000 shares of Prospector (issued). Additionally, there is a 2.0% NSR in favor of the vendors of which Prospector may purchase 1.0% for \$1,000,000.

#### Schefferville Ashuanipi Property

On February 15, 2021, the Company entered into an earn-in agreement under which the Company may acquire a 100% interest in the Schefferville Ashuanipi Property by making \$100,000 in cash payments (paid) and issuing 666,667 shares on closing (issued). Prospector has committed to spending \$500,000 over three years on the claims with any shortfall resulting in a cash payment to the vendor in an amount equal to a prorated cash payment of \$100,000. If the commitment is satisfied, no such payment is required. The vendors will retain a 2.0% NSR royalty on the Property, of which 1.0% may be repurchased by the Company for \$1,000,000.

#### *k) Toogood Project*

On December 22, 2020, Prospector announced that it has entered into two earn-in agreements under which Prospector may earn a 100% interest in the 6,350-hectare (63.50 km<sup>2</sup>) Toogood claim group and the 1,800 hectare (18 km<sup>2</sup>) McGrath claim group located on New World Island, approximately 65 km north of Gander, Newfoundland. These projects are situated to the north-east of the Company's Deep Cove and Virgin Arm properties with good access by paved and gravel roads and trails. The Deep Cove, Virgin Arm, McGrath and Toogood claims will be collectively referred to as the Toogood Project.

#### Toogood Claim Group Earn-in Agreement:

Prospector can earn a 100% interest in the Toogood claim group by making the following cash and share payments:

- Cash payment of \$25,000 on signing (paid)
- 833,333 shares on TSXV approval of the entrance into the earn-in agreement (issued)
- 833,333 shares 12 months following signing (issued).

The vendor retains a 2% NSR royalty, of which the first 1% can be purchased by Prospector for \$1,000,000. There are no work commitments.

In February 2021, a finder's fee of 33,333 shares was issued in respect of the Toogood claim group transaction.

#### Storm Exploration Inc. ("STRM") Earn-in Agreement:

On September 22, 2023, the Company entered in to an earn-in agreement with Storm Exploration Inc. ("STRM") wherein STRM can earn up to a 100% interest in the Toogood Gold property, with two option milestones.

Pursuant to the terms and conditions of the Option Agreement, in order to exercise the First Option (for 55% interest), STRM must:

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- a. pay \$10,000 in cash to Prospector within 90 days of the execution of the Option Agreement;
- b. issue an aggregate of 4,000,000 STRM Shares to Prospector, registered in the name of Prospector, or as otherwise directed by Prospector, as follows:
  - 300,000 STRM Shares, upon receipt of TSXV Acceptance (the “Effective Date”);
  - 400,000 STRM Shares, on the first anniversary of the Effective Date;
  - 500,000 STRM Shares, on the second anniversary of the Effective Date; and
  - 2,800,000 STRM Shares, on the third anniversary of the Effective Date;
- c. incur an aggregate of \$3,250,000 in Expenditures on the Property, as follows:
  - \$1,500,000 within 18 months following the Effective Date; and
  - \$1,750,000 within 36 months following the Effective Date; and
- d. pay the remaining cash payments for outstanding property payments at Toogood (totaling \$320,000 through June 2024).

In order for STRM to exercise the Second Option (for an additional 45%) interest, STRM shall issue to Prospector the lesser of (i) the number of STRM Shares equal to 19.9% of the non-diluted share capital of STRM (after accounting for such issuance) on such date less any previously issued STRM Shares to Prospector pursuant to the Agreement, and (ii) such number of STRM Shares as shall have a value of \$12,000,000, at a deemed price per STRM Share that is the greater of: (A) the 10-day volume weighted average price as of the trading date prior to the issuance date, (B) the issue price permitted under the rules and policies of the TSXV, or such other exchange on which the STRM Shares are listed for trading.

#### McGrath Claim Group Earn-in Agreement:

Prospector can earn a 100% interest in the McGrath claim group by making the following share payments:

- 266,667 shares on TSXV approval of the entrance into the earn-in agreement (issued)
- 266,667 shares 12 months following signing (issued)

The vendor retains a 2% NSR royalty, of which the first 1% can be purchased for \$1,000,000. There are no work commitments.

#### Deep Cove Claim Group Earn-in Agreement:

Prospector can earn a 100% interest in the Deep Cove claim group by making the following cash and share payments:

	Cash		Shares		Work Commitment *
Within five days of the execution date	\$65,000	Paid	-		-
Within five days of TSX Venture	-		200,000	Issued	-
On or before October 29, 2021	\$45,000	Paid	200,000	Issued	\$100,000
On or before October 29, 2022	\$50,000	Paid	266,667	Issued	\$100,000
On or before October 29, 2023	\$120,000		400,000		\$100,000

\* Prospector shall incur exploration costs of \$100,000 per year on the Deep Cove claim block.

During the year ended December 31, 2022, the Company paid \$50,000 and issued 266,667 common shares with a fair value of \$36,667 as part of the earn in agreement on the Deep Cove property (2021 – paid \$45,000 and issued

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400,000 common shares valued at \$246,000). Subsequent to period end, the Company made the final cash and share payment.

The vendor retains a 2% NSR royalty, of which the first 1% can be purchased for \$1,000,000.

#### Virgin Arm Claim Group Earn-in Agreement:

Prospector can earn a 100% interest in the Virgin claim group by making the following cash and share payments:

	Cash		Shares	
Within five days of the execution date	\$60,000	Paid	-	
Within five days of TSX Venture	-		133,333	Issued
On or before October 29, 2021	\$75,000	Paid	200,000	Issued
On or before October 29, 2022	\$90,000	Paid	266,667	Issued
On or before October 29, 2023	\$150,000		400,000	

Subsequent to period end, the Company made the final cash and share payment.

The vendor retains a 3% NSR royalty, of which the first 1.5% can be purchased for \$1,500,000. There are no work commitments.

#### Fairbanks Earn-in Agreement:

	Cash		Shares	
Within five days of the execution date	\$50,000	Paid	-	
Within five days of TSX Venture	-		133,333	Issued
On or before June 15, 2022	\$50,000	Paid	100,000	Issued
On or before June 15, 2023	\$50,000	Paid	133,333	Issued
On or before June 15, 2024	\$50,000		200,000	

During the period ended September 30, 2023, the Company paid \$50,000 and issued 133,333 common shares relating to the acquisition of Fairbanks mineral property with a fair value of \$12,667 (December 31, 2022 – issued 100,000 common shares with a fair value of \$34,000).

#### l) Iron Point Property, Nevada, USA

On May 16, 2019, the Company entered into an earn in agreement with Victory Metals Ltd. ("Victory") whereby the Company can earn a 50% undivided interest in the gold and silver rights at Victory's Iron Point vanadium project, located 35 km east of Winnemucca, Nevada. The Company can earn its 50% undivided interest by spending \$5,000,000 over three years, including a minimum of \$1,000,000 (incurred) in the first year. Following the earn-in, a 50-50 joint venture will be formed between the Company and Victory, exclusive to the gold and silver rights on the Iron Point property. On May 22, 2020, the Company and Victory amended the earn in agreement whereby the Company must expend \$5,000,000 over five years (previously three years), including \$1,000,000 (incurred) in the first year. Commencing on the first anniversary of the agreement, the Company must spend at least US\$250,000 each year in exploration expenditures.

During the year ended December 31, 2021, the Company concluded a termination and release agreement (the "Agreement") with Nevada King Gold Corp. ("Nevada King") whereby Prospector has accepted to renounce all of its rights under the Earn-in Agreement dated May 16, 2019 on the Iron Point project in Humboldt County, Nevada

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in exchange for 6.5 million shares of Nevada King. As consideration for the renunciation of the Iron Point Project, Nevada King has agreed to issue to Prospector, 6,500,000 shares of Nevada King. On the year ended December 31, 2021, the Company recorded an amount of \$2,470,000 in other income representing the fair value of the Nevada King shares at issuance date.

#### 5) ACCOUNTS RECEIVABLE

	September 30, 2023	December 31, 2022
GST receivable	\$ 48,839	\$ 157,660
QST receivable	-	146,328
Balance	\$ 48,839	\$ 303,988

#### 6) INVESTMENTS

	Fair value Jan 1, 2022	Additions Dec 31, 2022	Disposals Dec 31, 2022	Fair value adjustment Dec 31, 2022	Fair value Dec 31, 2022
Common shares	\$3,020,781	\$ -	\$ (602,524)	\$ (659,390)	\$ 1,758,867

  

	Fair value Jan 1, 2023	Additions September 30, 2023	Disposals September 30, 2023	Fair value adjustment September 30, 2023	Fair value September 30, 2023
Common shares	\$1,758,867	\$ -	\$ (1,790,349)	\$ 209,723	\$ 178,241

#### 7) SHARE CAPITAL

During the year ended December 31, 2022, the Company consolidated its shares on the basis of one post-consolidation common share for each three pre-consolidation common shares. All shares and per share amounts have been retroactively restated.

##### (a) Authorized

Unlimited number of common shares without par value  
Unlimited number of preferred shares without par value

##### (b) Common shares – issued and outstanding

Common shares – At September 30, 2023 the Company had 62,462,472 (December 31, 2022 – 57,684,626) common shares issued and outstanding.

Preferred shares – At September 30, 2023 and December 31, 2022 no preferred shares were issued and outstanding.

Nine months ended September 30, 2023:

Shares issued for property acquisition

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On June 14, 2023, the Company issued 133,333 shares relating to the acquisition of the Fairbanks mineral property with a fair value of \$12,667.

#### *Shares issued for private placement*

On March 27, 2023, the Company closed a non-brokered private placement consisting of Ontario charity flow-through units (the "Charity FT Units") offered at a price of \$0.28 per Charity FT Unit and Ontario flow-through units (the "ON FT Units") offered at a price of \$0.21 per ON FT Unit for gross proceeds to the company of \$1,140,130 (the "Offering"). In connection with the closing of the Offering, the Company issued an aggregate total of 4,644,513 flow-through units with each flow-through unit being comprised of one flow-through share (the "FT Share") and one half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant is exercisable into one common share of the Company at an exercise price of \$0.30 for a period of two years from the date of issue.

In connection with the private placement, the Company issued 162,413 finders' warrants valued at \$17,972. The finders' warrants were estimated using the Black-Scholes option pricing model with the following assumptions: share price on grant date of \$0.17, expected dividend yield of 0%; expected annualized volatility of 147%; a risk-free interest rate of 3.61%, and an expected average life of 2 years.

#### Nine months ended September 30, 2022:

#### *Shares issued for property acquisition*

On March 31, 2022, the Company issued 1,333,318 common shares relating to the acquisition of the Whitton Lake mineral property with a fair value of \$919,989.

On June 15, 2022, the Company issued 100,000 common shares relating to the acquisition of the Fairbanks mineral property with a fair value of \$34,000.

On July 15, 2022, the Company issued 1,250,000 common shares relating to the acquisition of the Leopard Lake and Beardmore mineral property with a fair value of \$400,000.

#### *Shares issued for private placements*

On April 8, 2022, the Company closed private placements for gross proceeds of \$3,461,772. In connection with the closing of the Private Placements, the Company issued 3,623,500 non flow-through units at a price of \$0.60 per unit. Each unit consists of one common share and one half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant is exercisable into one common share of the Company at an exercise price of \$0.90 for a period of two years from the date of issue. In addition to the issuance of the units, the private placements consisted of the issuance of 1,187,567 National flow-through shares priced at \$0.72, (the "NTL FT Shares"), 213,497 Ontario flow-through shares priced at \$0.75 (the "ON FT Shares"), and 363,334 Quebec flow-through shares priced at \$0.75 (the "QC FT Shares"). In connection with the private placements closed during the nine months ended September 30, 2022, a premium was received for the flow-through shares resulting in an initial liability of \$229,608.

#### (c) Share purchase options

Share purchase options are granted at an exercise price equal to the estimated fair value of the Company's common shares on the date of the grant. On June 22, 2020, the Company implemented a new Share Option Plan for the benefit of directors, employees, management company employees and consultants of the Company. The Plan

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provides that the directors of the Company may grant options to purchase common shares on terms that the directors may determine. The maximum aggregate number of common shares that may be reserved for issuance under the Plan is 10% of the issued and outstanding common shares of the Company at the time of grant.

On March 27, 2023, Prospector granted of a total of 1,946,000 incentive stock options to directors, officers, and consultants of the Company. Each option is exercisable to purchase one common share of the Company for five years at a price of \$0.21 per common share in accordance with the terms of the Company's stock option plan.

A summary of the status of the Company's outstanding and exercisable share purchase options is presented below:

	September 30, 2023		December 31, 2022	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at beginning of period	5,336,637	\$0.68	4,420,000	\$0.68
Granted	1,946,000	\$0.21	1,050,000	\$0.62
Expired/Cancelled	(933,329)	\$0.60	(133,363)	\$0.60
Outstanding at end of period	6,349,308	\$0.66	5,336,637	\$0.68

As at September 30, 2023, the following share purchase options were outstanding and exercisable:

Expiry date	Outstanding and Exercisable Options	Weighted Average Exercise Price	Weighted Average Remaining contractual life (in years)
December 4, 2023	116,666	\$0.69	0.18
May 31, 2024	199,998	\$0.60	0.66
November 5, 2025	1,216,658	\$0.66	2.10
May 20, 2026	1,103,325	\$0.68	2.64
August 3, 2026	166,666	\$1.26	2.84
October 8, 2026	549,995	\$0.78	3.02
April 21, 2027	1,000,000	\$0.62	3.56
December 1, 2027	50,000	\$0.60	4.17
March 27, 2028	1,946,000	\$0.21	4.49
	6,349,308	\$0.64	2.63

The following weighted-average grant date assumptions were used in valuing share purchase options granted during the period ended September 30, 2023 to directors, officers, consultants, and employees. The Company determines the fair value of options granted using the Black-Scholes model for share purchase options issued to employees.

	September 30, 2023	December 31, 2022
Weighted average share price	\$0.17	\$0.56
Weighted average exercise price	\$0.21	\$0.62
Risk-free interest rate	2.96%	2.67%
Expected volatility <sup>(1)</sup>	126%	108%
Expected years of option life <sup>(2)</sup>	5	5

## PROSPECTOR METALS CORP.

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Expected dividends	Nil	Nil
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(1) The volatility was calculated using the Company's historical information and industry benchmarks.

(2) The effects of early exercise were not incorporated into the model as the options are expected to be held for the contractual life.

#### (c) Share purchase warrants

As at September 30, 2023 the Company had outstanding and exercisable share purchase warrants entitling the holders to acquire common shares as follows:

	September 30, 2023		December 31, 2022	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Balance, beginning of period	10,715,125	\$0.97	8,941,707	\$0.99
Granted	2,484,670	\$0.30	2,006,428	\$0.88
Expired	(8,083,345)	\$1.05	(233,010)	\$1.06
Balance, end of period	5,116,448	\$0.72	10,715,125	\$0.97

As at September 30, 2023, the Company had outstanding and exercisable share purchase warrants entitling the holders to acquire common shares as follows:

Expiry date	Outstanding and exercisable warrants	Weighted average exercise price	Weighted average remaining life (in years)
November 23, 2023	458,684	\$1.44	0.15
April 8, 2024	1,811,748	\$1.20	0.52
April 8, 2024	77,180	\$0.90	0.52
April 8, 2024	117,500	\$0.60	0.52
March 25, 2025	83,333	\$0.21	1.48
March 25, 2025	79,080	\$0.30	1.48
March 25, 2027	2,322,257	\$0.30	1.49
November 17, 2025	166,666	\$0.84	2.13
<b>Balance, as at date of report</b>	<b>5,116,448</b>	<b>\$0.72</b>	<b>1.04</b>

## 8) RELATED PARTY TRANSACTIONS

Related party transactions are recorded at the exchange amount as agreed to by the parties. Related party transactions not otherwise disclosed in these financial statements are:

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Consulting fees	\$ 87,500	141,000	349,500	381,600
Share-based compensation	-	-	201,220	209,483
	\$ 87,500	141,000	550,720	591,083

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\*Prospector Metals Corp. and Nevada King Gold Corp. have a common director namely, Craig Roberts. He is the Co-Chairman of Prospector Metals Corp. and director of Nevada King Gold Corp.

**Due to/from related parties**

As at September 30, 2023, the amount due to related parties is \$Nil (December 31, 2022 – \$1,390).

**Other related party transactions**

During the nine months ended September 30, 2023, \$13,500 (2022 - \$4,500) was received for rent from a director of the Company.

**9) SUPPLEMENTAL CASH FLOW INFORMATION**

During the nine months ended September 30, 2023, the Company entered into the following non-cash transactions:

- The Company recognized \$350,563 in flow-through premium liability as a result of the issuance of 4,644,513 flow-through units in relation to the closing of a private placement.
- The Company recognized \$12,667 in mineral interest acquisition costs related to 133,333 common shares issued for mineral properties.
- The Company recognized \$17,972 in share issuance costs related to the 162,413 finders' warrants issued in connection with the private placement.

During the nine months ended September 30, 2022, the Company entered into the following non-cash transactions:

- The Company recognized \$1,353,990 in mineral interest acquisition costs related to 2,683,318 common shares issued for mineral properties.
- The Company granted \$ 349,138 in share-based compensation related to the grant of 1,000,000 stock options.

**10) SEGMENT INFORMATION**

- (a) The Company operates in one industry segment (note 1).
- (b) At September 30, 2023 and December 31, 2022, the Company's mineral interests were located as follows:

	September 30, 2023	December 31, 2022
<b>Mineral interests</b>		
British Columbia, Canada	\$ -	\$ 338,000
Ontario, Canada	3,640,456	3,649,556
Quebec, Canada	1,104,145	1,104,145
Newfoundland, Canada	2,728,000	2,665,333
	\$ 7,472,601	\$ 7,757,034

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The Company's other assets and liabilities and net expenses are attributable to its corporate office and exploration and project evaluation activities in Canada.

#### 11) FLOW THROUGH SHARE PREMIUM LIABILITY

Flow-through share premium liabilities include the liability portion of the flow-through shares issued. The following is a continuity schedule of the liability portion of the flow-through shares issuance.

<b>Balance at December 31, 2021</b>	<b>\$</b>	<b>522,991</b>
Liability incurred on flow-through shares		299,608
Settlement of flow-through share liability on incurring expenditures		(753,566)
<b>Balance at December 31, 2022</b>	<b>\$</b>	<b>69,033</b>
Liability incurred on flow-through shares		350,563
Settlement of flow-through share liability on incurring expenditures		(300,716)
<b>Balance at September 30, 2023</b>	<b>\$</b>	<b>118,880</b>

On April 1, 2021, the Company completed a non-brokered private placement of 932,056 flow-through shares at a price of \$0.72 per share for gross proceeds of \$671,080. A premium of \$0.15 per unit was received for the flow-through shares resulting in an initial liability of \$139,808.

On April 1, 2021, the Company completed a non-brokered private placement of 238,889 flow-through shares at a price of \$0.72 per share for gross proceeds of \$172,000. A premium of \$0.15 per unit was received for the flow-through shares resulting in an initial liability of \$35,833.

On April 1, 2021, the Company completed a non-brokered private placement of 1,720,455 flow-through shares at a price of \$0.66 per share for gross proceeds of \$1,135,500. A premium of \$0.09 per unit was received for the flow-through shares resulting in an initial liability of \$154,841.

On April 1, 2021, the Company completed a non-brokered private placement of 1,092,600 flow-through shares at a price of \$0.75 per share for gross proceeds of \$819,450. A premium of \$0.18 per unit was received for the flow-through shares resulting in an initial liability of \$196,668.

On April 27, 2021, the Company completed a non-brokered private placement of 256,500 flow-through shares at a price of \$0.72 per share for gross proceeds of \$184,680. A premium of \$0.16 per unit was received for the flow-through shares resulting in an initial liability of \$30,780.

On November 23, 2021, the Company completed a non-brokered private placement of 917,370 flow-through shares at a price of \$0.82 per share for gross proceeds of \$1,128,365. A premium of \$0.19 per unit was received for the flow-through shares resulting in an initial liability of \$522,901.

On April 8, 2022, the Company closed private placements for gross proceeds of \$1,287,671. The Private Placements consisted of the issuance of 1,187,567 National flow-through shares priced at \$0.72, 213,497 Ontario flow-through shares priced at \$0.75, and 363,334 Quebec flow-through shares priced at \$0.75. A premium was received for the flow-through shares resulting in an initial liability of \$229,608.

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On March 27, 2023, the Company closed non-brokered private placements consisting of Ontario charity flow-through units offered at a price of \$0.28 per Charity FT Unit and Ontario flow-through units offered at a price of \$0.21 per ON FT Unit for gross proceeds to the company of \$1,140,130. In connection with the closing of the Offering, the Company issued an aggregate total of 4,644,513 flow-through units with each flow-through unit being comprised of one flow-through share and one half of one common share purchase warrant (each whole warrant, a "Warrant"). In connection with the private placement closed, a premium was received for the flow-through shares resulting in an initial liability of \$350,563.

The flow-through liability is amortized to Other Income in the Statement of Loss and Comprehensive Loss, based on the percentage of the eligible expenditures incurred during the period. As at September 30, 2023, the Company has an obligation to spend \$267,830 by December 31, 2024, by which time the outstanding flow-through share premium liability of \$118,880 will be settled when these flow-through expenditures are incurred.

## 12) MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard its ability to pursue its objectives. The Company measures its capital as its shareholders' equity. The Company's primary source of capital is the issuance of equity.

The Company manages and adjusts its capital structure whenever changes in economic conditions occur. To maintain or adjust the capital structure, the Company may seek additional funding.

The capital structure of the Company consists of the following:

	September 30, 2023	December 31, 2022
	\$	\$
Current assets	1,303,053	3,301,430
Current liabilities	(152,949)	(693,435)
Working capital surplus or net current assets	1,150,104	2,607,995
Shareholders' equity	8,708,023	10,470,567
	9,858,127	13,078,562

The Company may require additional funding to meet its administrative overhead expenses in the long term. The Company believes it will be able to raise capital as required but recognizes there will be risks involved that may be beyond its control.

The Company expects its current capital resources will be sufficient to carry out its exploration plans and operations through at least the next twelve months. There are no external restrictions on the Company's capital.

## PROSPECTOR METALS CORP.

### Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2023 and 2022

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## 13) FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISK

### Fair value

The fair values of the Company's cash, investments, accounts payable and accrued liabilities, and other liabilities approximate their carrying values due to their short-term nature. The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk and market risk with respect to currency risk and interest risk. The following table summarizes the Company's financial instruments as of September 30, 2023 and December 31, 2022:

	September 30, 2023	December 31, 2022
	\$	\$
<b>Financial Assets</b>		
Amortized cost:		
Cash	764,306	887,341
Fair value through profit and loss:		
Investments	178,241	1,758,867
<b>Financial Liabilities</b>		
Amortized cost:		
Accounts payable and accrued liabilities	34,069	624,402

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

Cash is carried at fair value using a Level 1 fair value measurement. Accounts payable and accrued liabilities approximate their carrying values due to their short-term maturities which is the amount presented on the statement of financial position.

The Company is exposed to credit risk, liquidity risk and interest rate risk from its financial instruments which include cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities. The Company is not exposed to significant market or other price risks.

### Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash and short-term investments are on deposit at a major financial institution. Amounts receivables consist primarily of goods and services tax refunds due from the Government of Canada and are neither past due nor impaired. As such, the Company considers its exposure to credit risk to be minimal.

## **PROSPECTOR METALS CORP.**

### **Notes to the condensed interim consolidated financial statements**

**For the nine months ended September 30, 2023 and 2022**

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#### Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they come due. The Company is exposed to liquidity risk through its accounts payable, accrued liabilities and amounts due to related parties, which are all due on demand. The Company uses cash forecasts to ensure as far as possible that there is sufficient cash on hand to meet short-term business requirements. Cash is invested in highly liquid investments which are available to discharge obligations when they come due.

#### Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the fair value or future cash flows of the Company's financial instruments. The Company is exposed from time to time to interest rate risk as a result of holding fixed rate temporary investments of varying maturities. The Company reduces the risk that it will realize a loss as a result of a decline in the fair value of these investments by limiting these investments to highly liquid securities with short-term maturities.

#### Price risk

The Company has limited exposure 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.