



PROSPECTOR

Metals Corp.

PROSPECTOR METALS CORP. (formerly Ethos Gold Corp.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2022 and 2021

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. (formerly Ethos Gold Corp.)
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed Canadian Dollars)

	Note(s)	March 31, 2022	December 31, 2021
ASSETS			
Current assets:			
Cash	\$	2,597,631	\$ 3,558,391
Amounts receivables	5	764,833	544,534
Investments	6	3,600,225	3,020,781
Tax credits receivable		-	-
Prepaid expenses		584,042	433,116
Total current assets		7,546,731	7,556,822
Non-current assets:			
Bond	4	37,500	37,500
Exploration and evaluation assets	4	7,309,034	6,389,045
Property, plant and equipment	8	60,799	-
Total assets	\$	14,954,064	\$ 13,983,367
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	10	\$ 335,670	\$ 495,321
Flow-through share premium	14	502,183	522,991
Total current liabilities		837,853	1,018,312
SHAREHOLDERS' EQUITY			
Share capital	9	43,886,950	42,966,960
Subscription received		387,500	-
Contributed surplus	9	7,871,449	7,871,449
Deficit		(38,029,688)	(37,873,354)
Total shareholders' equity		14,116,211	12,965,055
Total liabilities and shareholders' equity	\$	14,954,064	\$ 13,983,367

Nature of operations (Note 1)
Subsequent events (Note 17)

Approved by the Board of Directors and authorized for issue on May 27, 2022.

“Craig Roberts” Director

“Hendrik Van Alphen” Director

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

PROSPECTOR METALS CORP. (formerly Ethos Gold Corp.)
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited - Expressed Canadian Dollars)

		Three months ended March 31,	
	Note	2022	2021
Expenses			
Amortization		\$ 2,071	\$ -
Consulting fees		293,311	152,938
Exploration and project evaluation	4	541,547	673,565
Investor relations		102,184	76,345
Listing and filing fees		11,190	32,564
Office and administrative		38,955	16,515
Professional fees		20,432	99,883
Rent		4,727	5,229
Travel		22,884	937
Loss before the undernoted		(1,037,301)	(1,057,976)
Other income (expenses)			
Change in fair value of investments	6	579,444	(202,035)
Foreign exchange (loss)/gain		(28)	(2,272)
Interest income		4,198	3,780
Other income from settlement of flow-through	14	20,808	11,984
Part XII.6 tax accrual		(2,690)	-
Other income	4	279,235	-
Other income from Quebec Tax credit		-	509,355
Net loss and comprehensive loss for the period		\$ (156,334)	\$ (732,620)
Basic and diluted loss per common share		\$ (0.00)	\$ (0.02)
Weighted average number of common shares outstanding		48,491,185	32,255,116

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

PROSPECTOR METALS CORP. (formerly Ethos Gold Corp.)
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
For the three months ended March 31, 2022 and 2021
(Unaudited - Expressed Canadian Dollars)

	Share Capital (Note 9)		Subscription received	Share Option Reserves	Deficit	Total shareholders' equity
	Number of shares	Amount				
Balance, December 31, 2020	31,630,672	\$31,885,197	-	\$6,541,413	\$(32,356,938)	\$ 6,069,672
Private placement, net of issuance costs	-	-	-	-	-	-
Shares issue for property acquisition	2,300,000	1,310,000	-	-	-	1,310,000
Subscription received	-	-	1,197,530	-	-	1,197,530
Share issuance costs	-	(98,263)	-	-	-	(98,263)
Net loss for the period	-	-	-	-	(732,620)	(732,620)
Balance, March 31, 2021	33,930,672	\$33,096,934	\$ 1,197,530	\$6,541,413	\$(33,089,558)	\$ 7,746,319
Balance, December 31, 2021	48,046,746	\$ 42,966,960	-	\$ 7,871,449	\$ (37,873,354)	\$ 12,965,055
Shares issued for property acquisition	1,333,318	919,990	-	-	-	919,990
Subscription received	-	-	387,500	-	-	387,500
Net loss for the period	-	-	-	-	(156,334)	(156,334)
Balance, March 31, 2022	49,380,064	\$ 43,886,950	\$ 387,500	\$ 7,871,449	\$ (38,029,688)	\$ 14,116,211

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

PROSPECTOR METALS CORP. (formerly Ethos Gold Corp.)**Condensed Interim Consolidated Statements of Cash Flows**

(Unaudited - Expressed Canadian Dollars)

		For the three months ended March 31,	
	Note(s)	2022	2021
Cash flows from operating activities:			
Net loss for the year		\$ (156,334)	\$ (732,620)
Items not affecting cash:			
Amortization		2,071	-
Change in fair value of investments	6	(579,444)	202,035
Other income from settlement of flow-through	14	(20,808)	(11,984)
Changes in non-cash working capital:			
Accounts payable and accrued liabilities		(159,650)	242,922
Amounts receivable		(220,299)	(60,938)
Prepaid expenses		(150,926)	(385,627)
Net cash used in operating activities		(1,285,390)	(746,212)
Cash flows from investing activities:			
Acquisition of mineral properties		-	(78,300)
Acquisition of property, plant and equipment		(62,870)	-
Proceeds on sale of investments	4	-	484,465
Net cash generated (used) in investing activities		(62,870)	406,165
Cash flows from financing activities:			
Subscription received	9	387,500	1,197,530
Share issuance costs	9	-	(98,263)
Net cash provided by financing activities		387,500	1,099,267
Net decrease in cash		(960,761)	759,220
Cash, beginning of the period		3,558,391	2,851,877
Cash, end of the period		\$ 2,597,631	\$ 3,611,097
Cash and cash equivalents consisted of			
Cash deposited with a Canadian Senior Bank		\$ 2,488,540	\$ 3,571,006
Term deposits and guaranteed investment certificates issued		109,091	40,091
		\$ 2,597,631	\$ 3,611,097

Supplemental Cash Flow Information (Note 12)

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

PROSPECTOR METALS CORP. (formerly Ethos Gold Corp.)

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Prospector Metals Corp. (formerly Ethos Gold Corp.) (the “Company” or “Prospector”) was incorporated on March 12, 2007 under the British Columbia Business Corporations Act. In 2009, it began trading on the TSX Venture Exchange (“TSX-V”) as a Tier 2 company under the symbol ECC. Its registered office is located at 1430 – 800 West Pender Street, Vancouver, BC, V6C 2V6. The Company’s principal business activities are the identification, exploration and development of economically viable mineral properties.

Subsequent to March 31, 2022, the Company completed a change of name from Ethos Gold Corp. to Prospector Metals Corp on April 6, 2022. Thus, it is now trading on the TSX Venture Exchange under the ticker symbol PPP. The Company also consolidated its common shares based on one post-consolidation common share for each three pre-consolidated common shares. All common shares and per share amounts have been retroactively restated to reflect the consolidation.

As at March 31, 2022, the Company had current assets of \$7,546,731 to settle current liabilities of \$837,853, leaving the company with a working capital of \$6,708,878.

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 March 31, 2022 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, 2021.

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, 2022.

The condensed interim consolidated financial statements for the three months ended March 31, 2022 (including comparatives) have been prepared by management, reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on May 27, 2022.

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 consolidated.

PROSPECTOR METALS CORP. (formerly Ethos Gold Corp.)

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2022 and 2021

(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 three months ended March 31, 2022 are consistent with those applied and disclosed in note 3 to the Company's audited condensed interim consolidated financial statements for the year ended December 31, 2021.

a) Foreign currency translation

The functional currency of Prospector and its subsidiaries is the Canadian dollar. Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate in effect at the financial statement date. Exchange gains or losses arising from these translations are recognized in profit or loss for the reporting period.

PROSPECTOR METALS CORP. (formerly Ethos Gold Corp.)**Notes to the condensed interim consolidated financial statements****For the three months ended March 31, 2022 and 2021****(Unaudited - Expressed in Canadian Dollars)****4) MINERAL INTERESTS****Acquisition costs**

	British Columbia	Ontario	Quebec	Newfoundland	United States	Total
Balance, Dec 31, 2020	415,501	727,100	630,350	150,000	-	11,932,951
Acquisition costs:						
Cash payments	75,000	28,300	150,000	170,000	-	423,500
Share issuances	393,000	1,345,000	408,000	2,048,000	-	4,191,000
Write-down	(47,001)	-	(114,205)	-	-	(161,206)
Balance, Dec 31, 2021	836,500	2,100,400	1,084,145	2,368,000	-	6,389,045
Acquisition costs:						
Cash payments	-	-	-	-	-	-
Share issuances	-	919,989	-	-	-	919,989
Recovery	-	-	-	-	-	-
Write down	-	-	-	-	-	-
Balance, March 31, 2022	836,500	3,020,389	1,084,145	2,368,000	-	7,309,034

Exploration expenditures

During the period ended March 31, 2022, the Company incurred the following exploration expenses:

	British Columbia	Ontario	Quebec	Newfoundland	United States	Total
Administration	2,514	1,897	2,404	6,554	-	13,370
Assays	880	855	15,944	24,725	-	42,405
Camp costs	624	56,627	-	1,636	-	58,887
Community Relations	-	-	-	-	-	-
Drilling	-	-	-	-	-	-
Field equipment	-	9,878	-	8,300	-	18,178
Geological	15,492	177,955	31,803	171,103	-	396,352
Geophysics	-	-	-	-	-	-
Property Maintenance	-	901	940	-	-	1,841
Travel	-	3,725	-	6,790	-	10,515
Balance, March 31, 2022	19,510	251,838	51,091	219,108	-	541,547

During the period ended March 31, 2021, the Company incurred the following exploration expenses:

	British Columbia	Ontario	Quebec	Newfoundland	United States of America	Total
Administration	-	-	-	-	-	-
Assays	10,388	9,475	-	563	81,139	101,565
Camp costs	-	5,350	-	-	-	5,350
Community relations	-	5,579	-	-	-	5,579
Drilling	46,604	-	-	-	-	46,604
Field equipment	14,625	3,870	799	-	-	23,804
Geological	45,880	76,291	29,217	3,711	59,911	246,441
Geophysics	6,208	223,594	2,340	27,667	-	232,175
Property maintenance	-	-	-	-	-	-
Travel	35	-	-	-	12,012	12,047
Balance, March 31, 2021	123,739	324,159	32,356	31,941	153,062	673,565

PROSPECTOR METALS CORP. (formerly Ethos Gold Corp.)

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

a) Pine Pass Project, British Columbia

On July 31, 2018, the Company entered into an option agreement to acquire a 100% interest in three vanadium projects (Pine Pass, Ursula and Tunnel) in northeastern British Columbia. The Company can earn a 100% interest in the three projects by making the following cash payments and share issuances:

	Cash		Shares	
Within five days of TSX Venture	\$80,000	Paid	66,667	Issued
On the first anniversary	\$120,000		133,333	
On the second anniversary	\$160,000		200,000	
On the third anniversary	\$240,000		266,667	
On the fourth anniversary	\$400,000		333,333	

If the Company completes the 100% acquisition of the three properties by making the above cash payments and share issuances the Company will grant to the vendors a 2.0% NSR royalty on all three projects, of which half can be repurchased at any time by the Company by paying the vendors \$1,500,000.

During the year ended December 31, 2019, the company did not renew the Tunnel project.

On June 20, 2019, the area in which the Pine Pass Project is located became subject to a moratorium on resource development (the "Moratorium") imposed by the Province of British Columbia in connection with caribou protection strategies.

On July 31, 2019, the Company entered in an amended option agreement (the "Addendum") with the vendors whereby the previous cash payments and share issuances are suspended indefinitely, pending the lifting of the Moratorium. The Moratorium will be deemed to have been lifted when the Company is no longer restricted by the Moratorium from carrying out exploration and development activities on the Pine Pass Project (the "Reinstatement Date"). Per the Addendum, to maintain the option agreement in good standing, the Company must make the following cash payments and share issuances:

	Cash		Shares	
Within five days of TSX Venture acceptance of the Addendum	\$30,000	Paid	33,333	Issued
On July 31, 2020 (the "Second Interim Payment")	\$30,000	Paid	33,333	Issued
If the Reinstatement Date falls after July 31, 2020	\$60,000*		66,667*	

* In the event the Moratorium is lifted, the final interim cash payment of \$60,000 and the issuance of 66,667 shares will be credited towards the first anniversary payments under the original agreement and the remainder of the cash payments and share issuances will be due annually on the Reinstatement Date, as per the original agreement.

In addition to the above cash payments and shares issuance, by the fourth anniversary of the Reinstatement Date, the Company will conduct and complete a PEA in respect of any one of the properties (Pine Pass or Ursula).

PROSPECTOR METALS CORP. (formerly Ethos Gold Corp.)

Notes to the condensed interim consolidated financial statements

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(Unaudited - Expressed in Canadian Dollars)

The Company will be making reasonable efforts to pursue any entitlement to compensation arising in connection with the Moratorium. In the event the Company is successful in recouping compensation, the Company shall first recover its costs and expenses incurred during this process with any remaining proceeds to be split evenly between the Company and the vendors.

Due to the uncertainty of the Moratorium, the Company wrote down the carry value of the Pine Pass project to \$Nil at December 31, 2021.

b) 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.

On August 26, 2021, the Company issued 150,000 common shares relating to the acquisition of Perk-Rocky mineral property with a fair value of \$225,000.

In the event the Company accomplishes the milestones as listed below, milestone payments, which are due within 30 days of the Company reaching each milestone, will be paid as follows:

- US\$350,000 in the event the Company obtains a technical report that is NI 41-101 compliant.
- US\$500,000 in the event the Company obtains a Preliminary Economic Assessment.
- US\$1,000,000 in the event the Company obtains a Feasibility Study.
- US\$2,000,000 in the event the Company elects to put the property into commercial production.

Upon acquiring 100% interest in the property, the Company will grant the vendor a 3% NSR. The Company may repurchase 2% of the NSR for US\$7 million.

As at March 31, 2022, the Company had advanced a \$37,500 (December 31, 2021 - \$37,500) bond to the Government of British Columbia related to the ongoing exploration work at the Perk-Rocky project.

PROSPECTOR METALS CORP. (formerly Ethos Gold Corp.)**Notes to the condensed interim consolidated financial statements****For the three months ended March 31, 2022 and 2021****(Unaudited - Expressed in Canadian Dollars)**

c) 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.

The Company can earn a 100% interest in the Gaffney gold property 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	
On or before October 1, 2023	-		200,000	

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.

d) 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.

PROSPECTOR METALS CORP. (formerly Ethos Gold Corp.)

Notes to the condensed interim consolidated financial statements

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* 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 of the \$75,000 cash payment.

** During the period ended March 31, 2022, the Company invoiced Cross River for \$267,497 for the recovery of 2020-2021 expenditures incurred in the Fuchsite Property pursuant to Option Agreement dated September 3, 2020.

e) Savant Lake, Ontario

On September 1, 2020, the Company entered into an earn in agreement with Capella Minerals Limited (formerly "New Dimension Resources Ltd.")(“Capella”)whereby the Company can earn a 70% interest in the Savant Lake gold property located in the Savant Lake Greenstone Belt 240km northwest of 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:

	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	\$50,000		666,667		\$500,000
On or before September 20, 2022	\$50,000		666,667		\$1,000,000
On or before September 20, 2023	\$50,000		666,667		\$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 Capella of \$50,000 in cash and issue 666,667 common shares of the Company.

During the year ended December 31, 2021, an amendment has been made to the Savant Lake Property Option Agreement. Changes are as follows:

	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		666,667		\$500,000
On or before November 15, 2023	\$50,000		666,667		\$1,000,000
On of before November 15, 2024	\$50,000		333,333		\$500,000

PROSPECTOR METALS CORP. (formerly Ethos Gold Corp.)

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f) 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.

g) 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 2,228-hectare Fairchild Lake claim block located 65 km northeast of Sioux Lookout, Ontario by making the following cash and share payments:

- Cash payment of \$5,000 on signing (paid)
- 166,667 shares within 5 days of Exchange acceptance (issued)
- 166,667 shares within 9 months of signing (issued)
- 166,667 shares within 18 months of signing

There are no work commitments or royalties payable

h) 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 payment of \$23,300 on signing (paid)
- 666,667 shares within 5 days of Exchange acceptance (issued)
- 666,667 shares within 12 months of signing (issued)
- 666,667 shares within 24 months of signing (issued)

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

PROSPECTOR METALS CORP. (formerly Ethos Gold Corp.)

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

i) 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		Shares		Work Commitment
Within five days of the execution date	\$50,000	Paid	-		-
Within five days of TSX Venture	-		33,333	Issued	-
November 15, 2021*	\$50,000	Paid	66,667	Issued	\$125,000
November 15, 2022	\$50,000		133,333		\$125,000
November 15, 2023	\$50,000		266,667		\$125,000
November 25, 2024	-		666,667		\$125,000

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

j) 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 of before June 26, 2022	\$750,000	108,333	
On of 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.

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k) Schefferville, Quebec

On August 5, 2020, the Company staked a total of 288 km² area in two claim blocks in the province of Quebec: the Sable block (234 km²) is centered 80 kilometers northwest of Schefferville and the Hamard block (54 km²) is 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 km²) 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.

l) 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 km²) Toogood claim group and the 1,800 hectare (18 km²) 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.

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

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)

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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		266,667		\$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 Cover claim block.

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		266,667	
On or before October 29, 2023	\$150,000		400,000	

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		100,000	
On or before June 15, 2023	\$50,000		133,333	
On or before June 15, 2023	\$50,000		200,000	

m) 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

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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 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

	March 31, 2022	December 31, 2021
GST receivable	\$ 252,892	\$ 306,375
QST receivable	242,869	238,059
Other *	269,072	-
Balance	\$ 764,833	\$ 544,534

* \$267,497 relates to the recovery of 2020-2021 expenditures incurred in the Fuchsite Property pursuant to Option Agreement dated September 3, 2020 (Note 4d). \$1,575 related to office rental recovery due from a related party (Note 11).

6) INVESTMENTS

	Fair value Jan 1, 2021	Additions Dec 31, 2021	Disposals Dec 31, 2021	Fair value adjustment Dec 31, 2020	Fair value Dec 31, 2020
Common shares	\$1,158,000	\$ 2,840,000	\$ (598,002)	\$ (379,217)	\$ 3,020,781

	Fair value Jan 1, 2022	Additions March 31, 2022	Disposals March 31, 2022	Fair value adjustment March 31, 2022	Fair value March 31, 2022
Common shares	\$3,020,781	\$ 2,840,000	\$ -	\$ 579,444	\$ 3,600,225

7) TAX CREDIT RECEIVABLE

As at March 31, 2022, the Company has tax credits receivable of \$Nil (March 31, 2021- \$106,138).

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8) PROPERTY, PLANT AND EQUIPMENT

	Vehicles	Total
Cost		
Balance at December 31, 2020 and 2021	\$ -	\$ -
Additions	62,870	62,780
Balance at March 31, 2022	\$ 62,870	\$ 62,870
Accumulated depreciation		
Balance at December 31, 2020 and 2021	\$ -	\$ -
Depreciation	2,071	2,071
Balance at March 31, 2022	\$ 2,071	\$ 2,071
Net book value at March 31, 2022	\$ 60,799	\$ 60,799

9) SHARE CAPITAL

During the period ended March 31, 2022, the Company had 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 March 31, 2022 the Company had 49,380,064 (December 31, 2021 – 48,046,746) common shares issued and outstanding.

Preferred shares – At March 31, 2022 and December 31, 2021 no preferred shares were issued and outstanding.

Three months ended March 31, 2022:

Shares issued for property acquisition (Note 4)

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.

During the period ended March 31, 2022, the Company received \$387,500 for subscriptions receipts with respect to the private placement closed subsequent to the period ended (Note 17).

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Three months ended March 31, 2021:

Shares issued for property acquisition

On February 11, 2021, the Company issued 866,667 common shares relating to the acquisition of the Toogood mineral property with a fair value of \$442,000.

On February 11, 2021, the Company issued 200,000 common shares relating to the acquisition of the Deep Cove claim group with a fair value of \$102,000.

On February 11, 2021, the Company issued 133,333 common shares relating to the acquisition of the Virgin Arm mineral property with a fair value of \$68,000.

On March 8, 2021, the Company issued 266,667 common shares relating to the acquisition of the McGrath claim group with a fair value of \$168,000.

On March 24, 2021, the Company issued 666,667 common shares relating to the acquisition of the Ashuanipi Property with a fair value of \$360,000.

On March 26, 2021, the Company issued 166,667 common shares relating to the acquisition of the Fairchild Lake mineral property with a fair value of \$95,000.

During the period ended March 31, 2021, the Company received \$1,197,530 for subscriptions receipts with respect to private placements closed in April 2021.

(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 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 May 20, 2021, Prospector granted of a total of 1,236,666 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 \$0.675 per common share in accordance with the terms of the Company's stock option plan. On August 3, 2021, Prospector granted of a total of 166,666 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 \$1.26 per common share in accordance with the terms of the Company's stock option plan.

On October 8, 2021, the Company granted an aggregate of 683,333 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 \$0.78 per common share in accordance with the terms of the Company's stock option plan.

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

	March 31, 2022		December 31, 2021	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at beginning of period	4,420,000	\$0.60	3,038,333	\$0.60
Granted	-	-	2,103,333	\$0.76
Expired/Cancelled	(133,336)	\$0.60	(688,333)	\$0.69
Exercised	-	-	(33,333)	\$0.66
Outstanding at end of period	4,286,664	\$0.68	4,420,000	\$0.68

As at March 31, 2022, 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)
Jun 26, 2023	583,333	\$0.51	1.24
Dec 4, 2023	116,666	\$0.69	1.68
May 31, 2024	200,000	\$0.60	2.17
Nov 5, 2025	1,300,000	\$0.66	3.60
May 20, 2026	1,236,666	\$0.68	4.14
Aug 3, 2021	166,666	\$1.26	4.35
October 8, 2026	683,333	\$0.78	4.53
	4,286,664	\$0.69	3.49

The following weighted-average grant date assumptions were used in valuing share purchase options granted during the year ended December 31, 2021 to directors, officers and employees. The Company determines the fair value of options granted using the Black-Scholes model for share purchase options issued to employees. The Company determines the fair value of share purchase options issued to non-employees using the value of services provided by the non-employees.

	March 31, 2022	December 31, 2021
Weighted average share price	n/a	0.74
Weighted average exercise price	n/a	0.76
Risk-free interest rate	n/a	1.20%
Expected volatility ⁽¹⁾	n/a	107.28%
Expected years of option life ⁽²⁾	n/a	5
Expected dividends	n/a	Nil

⁽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.

PROSPECTOR METALS CORP. (formerly Ethos Gold Corp.)**Notes to the condensed interim consolidated financial statements****For the three months ended March 31, 2022 and 2021****(Unaudited - Expressed in Canadian Dollars)****(c) Share purchase warrants**

As at March 31, 2022 the Company had outstanding and exercisable share purchase warrants entitling the holders to acquire common shares as follows:

	March 31, 2022		December 31, 2021	
	Number of warrants	Weighted Average Exercise Price	Number of warrants	Weighted Average Exercise Price
Balance, beginning of period	8,941,670	\$0.99	7,331,171	\$0.81
Granted	-	-	4,842,401	\$1.20
Exercised	-	-	(612,807)	\$0.73
Expired	-	-	(2,619,095)	\$0.94
Balance, end of period	<u>8,941,670</u>	<u>\$0.99</u>	<u>8,941,670</u>	<u>\$0.99</u>

As at March 31, 2022, 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)
September 3, 2022	1,359,607	\$0.60	0.43
September 3, 2022	33,818	\$0.60	0.43
September 3, 2022	333,332	\$0.66	0.43
September 3, 2022	499,998	\$0.72	0.43
September 3, 2022	1,506,691	\$0.84	0.43
September 3, 2022	32,491	\$0.84	0.43
November 17, 2022	166,666	\$1.20	0.63
April 1, 2023	1,991,991	\$1.20	1.00
April 1, 2023	42,424	\$0.66	1.00
April 1, 2023	9,722	\$0.72	1.00
April 1, 2023	63,636	\$1.20	1.00
April 27, 2023	128,248	\$1.20	1.07
August 24, 2023	166,666	\$0.45	1.43
June 8, 2023	925,925	\$0.90	1.19
August 6, 2023	1,180,105	\$1.35	1.35
August 6, 2023	41,666	\$1.35	1.35
November 23, 2023	458,684	\$1.44	1.65
Balance, March 31, 2022	<u>8,941,670</u>	<u>\$0.98</u>	<u>0.86</u>

10) ACCOUNTS PAYABLE

	March 31, 2022		December 31, 2021	
Accounts payable and accrued liabilities	\$	335,670	\$	495,321
	\$	<u>335,670</u>	\$	<u>495,321</u>

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11) 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:

	March 31, 2022		March 31, 2021	
Consulting fees	\$	75,100	\$	67,500
	\$	75,100	\$	67,500

*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 March 31, 2022, the amount due to related parties is \$20,000 (2021 – \$Nil) and the amount due from related parties is \$1,500 (2021- \$Nil).

Other related party transactions

During the period ended March 31, 2022, \$3,000 (2021 - \$4,500) was received for rent from a director of the Company.

12) SUPPLEMENTAL CASH FLOW INFORMATION

	2021	2020
Interest received	\$4,198	\$ 3,780
Interest paid	-	-

During the three months ended, March 31, 2022, the Company entered into the following non-cash transactions:

- The Company recognized \$919,990 in mineral interest acquisition costs related to 1,333,318 common shares issued for mineral properties.

During the three months ended March 31, 2021, the Company entered into the following non-cash transactions:

- The Company recognized \$1,310,000 in mineral interest acquisition costs related to 6,900,000 common shares issued for mineral properties

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13) SEGMENT INFORMATION

- (a) The Company operates in one industry segment (note 1).
- (b) At March 31, 2022 and December 31, 2021, the Company's mineral interests were located as follows:

	March 31, 2022	December 31, 2021
Mineral interests		
British Columbia, Canada	\$ 836,500	\$ 836,500
Ontario, Canada	3,020,389	2,100,400
Quebec, Canada	1,084,145	1,084,145
Newfoundland, Canada	2,368,000	2,368,000
	<u>\$ 7,309,034</u>	<u>\$ 6,389,046</u>

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

14) 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.

Balance at December 31, 2020	\$	284,936
Liability incurred on flow-through shares		1,080,832
Settlement of flow-through share liability on incurring expenditures		(842,777)
Balance at December 31, 2021	\$	522,991
Liability incurred on flow-through shares		-
Settlement of flow-through share liability on incurring expenditures		(20,808)
Balance at March 31, 2022	\$	502,183

In November 2019, the Company completed a non-brokered private placement of 2,177,211 flow-through shares at a price of \$0.81 per share for gross proceeds of \$1,763,541. A premium of \$0.30 per unit was received for the flow-through shares resulting in an initial liability of \$653,163.

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.

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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.

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 March 31, 2022, the Company has an obligation to spend \$1,633,927 by December 31, 2022, by which time the outstanding flow-through share premium liability of \$502,183 will be settled when these flow-through expenditures are made.

15) 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 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.

16) FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISK

Fair value

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. The recorded values of GST receivable, and accounts payable and accrued liabilities approximate their carrying values due to their short-term to 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.

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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 receivable 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.

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.

As at March 31, 2022, the Company estimates that a 1% change in prevailing interest rates would change the fair value of future cash flows from the Company's financial instruments by approximately \$36,002 (December 31, 2021 - \$30,775).

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.

17) SUBSEQUENT EVENTS

Subsequent to the period ended March 31, 2022, the following events took place:

- 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, a "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. If the closing price of the Common Shares is at a price equal to or greater than \$1.20 for a period of 10 consecutive trading days, the Company will have the right to accelerate the expiry date of the Warrants by giving notice, via a news release, to the holders of the Warrants that the Warrants will expire on the date that is 30 days after the issuance of said news release. In addition to the issuance of the Units, the Private Placements consisted of the issuance of 1,187,567 National flow-through shares

PROSPECTOR METALS CORP. (formerly Ethos Gold Corp.)

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

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").

- 133,336 options expired unexercised.
- On April 21, 2022, the Company granted a total of 1,000,000 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 \$0.62 per common share in accordance with the terms of the Company's stock option plan.
- On May 25, 2022, the Company announced it had entered into a purchase agreement to acquire the Leopard Lake property for 1,250,000 shares of the Company (subject to TSX approval).