



PROSPECTOR

Metals Corp.

PROSPECTOR METALS CORP. (formerly Ethos Gold Corp.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Nine Months Ended September 30, 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)	September 30, 2022	December 31, 2021
ASSETS			
Current assets:			
Cash		\$ 1,099,170	\$ 3,558,391
Accounts receivable	5	753,061	544,534
Investments	6	2,360,601	3,020,781
Prepaid expenses		598,752	433,116
Total current assets		4,811,584	7,556,822
Non-current assets:			
Bond	4	37,500	37,500
Exploration and evaluation assets	4	7,265,534	6,389,045
Property, plant and equipment	8	74,778	-
Total assets		\$ 12,189,396	\$ 13,983,367
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	10	\$ 231,856	\$ 495,321
Flow-through share premium	14	127,867	522,991
Total current liabilities		359,723	1,018,312
SHAREHOLDERS' EQUITY			
Share capital	9	47,310,752	42,966,960
Contributed surplus	9	8,263,947	7,871,449
Deficit		(43,745,026)	(37,873,354)
Total shareholders' equity		11,829,673	12,965,055
Total liabilities and shareholders' equity		\$ 12,716,396	\$ 13,983,367

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

Approved by the Board of Directors and authorized for issue on November 28, 2022.

“Craig Roberts” Director

“Michael Murphy” 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)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2022	2021	2022	2021
Expenses					
Consulting fees		289,398	302,119	739,611	698,120
Depreciation expense		6,740	-	15,083	-
Exploration and project evaluation	4	1,608,219	1,871,192	3,699,069	4,158,949
Investor relations		39,806	103,065	260,076	216,871
Listing and filing fees		6,300	11,028	70,715	69,065
Office and administrative		114,084	32,257	336,518	63,957
Professional fees		64,880	56,731	186,263	223,293
Rent		7,726	5,011	19,163	14,935
Share-based compensation		-	122,319	349,138	645,719
Travel		11,711	4,299	72,507	5,318
Loss before the undernoted		(2,148,864)	(2,508,021)	(5,748,143)	(6,096,227)
Other income (expenses)					
Change in fair value of investments	6	185,116	(207,498)	(660,180)	(211,981)
Foreign exchange (loss)/gain		(114)	(848)	(760)	(2,045)
Interest income		10,161	8,543	27,994	19,017
Other income from settlement of flow-through	14	426,015	239,318	694,732	480,032
Impairment of exploration and evaluation asset	4	(527,500)	-	(527,500)	-
Other income	4	5,048	2,283,795	342,185	2,898,945
Net loss and comprehensive loss for the period		\$ (2,050,138)	\$ (184,711)	\$ (5,871,672)	\$ (2,912,259)
Basic and diluted loss per common share		\$ (0.04)	\$ (0.00)	(0.11)	\$ (0.08)
Weighted average number of common shares outstanding		55,914,158	43,587,546	52,932,566	38,546,453

- 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 nine months ended September 30, 2022 and 2021
(Unaudited - Expressed Canadian Dollars)

	Share Capital (Note 9)		Share Option Reserves	Deficit	Total shareholders' equity
	Number of shares	Amount			
Balance, December 31, 2020	94,892,015	\$31,885,197	\$6,541,413	\$(32,356,938)	\$ 6,069,672
Shares issued for property acquisition	13,150,000	2,837,000	-	-	2,837,000
Shares issued for private placement	25,357,693	6,581,847	-	-	6,581,847
Shares issued for options exercise	50,000	11,000	-	-	11,000
Shares issued for warrants exercise	1,838,420	448,029	-	-	448,029
Flow-through premium	-	(557,931)	-	-	(557,931)
Share-based compensation	-	-	645,719	-	645,719
Share issuance costs - cash	-	(167,657)	-	-	(167,657)
Share issuance costs – finders' warrants	-	(36,751)	36,751	-	-
Shares issued for finders' fees	250,000	80,000	-	-	80,000
Share issuance costs – paid with shares	-	(80,000)	-	-	(80,000)
Reclass of reserves	-	4,326	(4,326)	-	-
Net loss for the period	-	-	-	(2,912,259)	(2,912,259)
Balance, September 30, 2021	135,538,128	\$41,005,060	\$7,219,557	\$(35,269,197)	\$ 12,955,420
Balance, December 31, 2021	48,046,746	\$ 42,966,960	\$ 7,871,449	\$(37,873,354)	\$ 12,965,055
Shares issued for property acquisition	2,683,318	1,353,989	-	-	1,353,989
Shares issued for private placement	5,387,898	3,461,771	-	-	3,461,771
Share issuance cost – cash	-	(129,000)	-	-	(129,000)
Share issuance cost – finder's 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)
Balance, September 30, 2022	54,867,962	\$ 47,310,752	\$ 8,263,947	\$(43,745,026)	\$ 11,829,673

- 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 nine months ended September 30,	
	Note(s)	2022	2021
Cash flows from operating activities:			
Net loss for the year		\$ (5,344,172)	\$ (2,912,259)
Items not affecting cash:			
Depreciation expense		15,083	-
Change in fair value of investments	6	660,180	211,981
Other income from settlement of flow-through	14	(694,732)	(480,032)
Share-based compensation	9	349,138	645,719
Other income		-	(2,575,795)
Changes in non-cash working capital:			
Accounts payable and accrued liabilities		(263,465)	128,270
Amounts receivable		(208,527)	15,978
Prepaid expenses		(165,636)	(328,206)
Net cash used in operating activities		(5,652,131)	(5,294,344)
Cash flows from investing activities:			
Acquisition of mineral properties		(50,000)	(253,300)
Proceeds on sale of investment		-	558,517
Acquisition of property, plant and equipment		(89,861)	-
Net cash used in investing activities		(139,861)	305,217
Cash flows from financing activities:			
Proceeds from private placements	9	3,461,771	6,581,847
Exercise of warrants		-	448,029
Exercise of options		-	11,000
Share issuance costs	9	(129,000)	(167,657)
Net cash provided by financing activities		3,332,771	6,873,219
Net change in cash		(2,459,221)	1,884,092
Cash, beginning of the period		3,558,391	2,851,877
Cash, end of the period		\$ 1,099,170	\$ 4,735,969
Cash and cash equivalents consisted of			
Cash deposited with a Canadian Senior Bank		\$ 990,079	\$ 4,695,878
Term deposits and guaranteed investment certificates issued		109,091	40,091
		\$ 1,099,170	\$ 4,735,969

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 nine months ended September 30, 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.

During the nine months ended September 30, 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 September 30, 2022, the Company had current assets of \$4,811,584 to settle current liabilities of \$359,723, leaving the company with a working capital of \$4,451,861.

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, 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 nine months ended September 30, 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 November 28, 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

PROSPECTOR METALS CORP. (formerly Ethos Gold Corp.)

Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

balances and transactions have been eliminated upon consolidation.

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, 2022 are consistent with those applied and disclosed in note 3 to the Company's audited 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 nine months ended September 30, 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	-	-	-	50,000	-	50,000
Share issuances	-	1,319,989	-	34,000	-	1,353,989
Write-down	(527,500)	-	-	-	-	(527,500)
Balance, September 30, 2022	309,000	3,420,389	1,084,145	2,452,000	-	7,265,534

Exploration expenditures

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

	British Columbia	Ontario	Quebec	Newfoundland	United States of America	Total
Administration	1,903	17,330	58,938	35,605	-	113,776
Assays	1,536	94,915	17,257	180,723	-	294,431
Camp costs	1,803	185,605	421,706	302,264	-	911,378
Community relations	-	-	-	-	-	-
Drilling	-	-	-	440,738	-	440,738
Field equipment	-	20,574	-	20,601	-	41,175
Geological consulting	67,748	545,164	507,285	681,944	-	1,802,141
Geophysics	-	40,903	-	23,227	-	64,130
Property maintenance	1,987	24,453	1,860	3,000	-	31,300
	74,977	928,944	1,007,046	1,688,102	-	3,699,069

During the nine months ended September 30, 2021, the Company incurred the following exploration expenses:

	British Columbia	Ontario	Quebec	Newfoundland	United States of America	Total
Administration	39,816	8,939	9,921	4,207	-	62,883
Assays	39,097	20,619	-	563	105,221	165,500
Camp costs	4,078	31,444	-	-	1,639	37,161
Community relations	3,500	12,480	-	-	-	15,980
Drilling	865,971	-	-	-	-	865,971
Field equipment	6,523	28,114	-	7,733	-	42,370
Geological	175,453	283,497	50,445	115,564	83,566	708,525
Geophysics	27,485	230,606	59,278	2,405	-	319,774
Travel	29,861	21,842	-	3,021	14,869	69,593
	1,191,784	637,541	119,644	133,493	205,295	2,287,757

PROSPECTOR METALS CORP. (formerly Ethos Gold Corp.)

Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 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 acceptance	\$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

For the nine months ended September 30, 2022 and 2021

(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 September 30, 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.

Subsequent to the period ended September 30, 2022, the Company has terminated the Perk-Rocky Project and recorded an impairment of \$527,500.

PROSPECTOR METALS CORP. (formerly Ethos Gold Corp.)

Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 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	Issued*
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.

*Issued subsequent to September 30, 2022

d) Fuchs site Lake, Ontario

On August 5, 2020, the Company staked the Fuchs site Lake claim block (“Fuchs site Lake Gold Project”) in the province of Ontario, which comprises 3,750 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

For the nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

* 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.

***As at September 30, 2022, the Company has not received the cash or shares commitment from Cross River that was scheduled on September 3, 2022. The Company is currently restructuring the option agreement with Cross River.

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	-		666,666	Issued	-
On or before September 20, 2021	\$50,000		666,666		\$500,000
On or before September 20, 2022	\$50,000		666,666		\$1,000,000
On or before September 20, 2023	\$50,000		666,666		\$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		666,666		\$500,000
On or before November 15, 2023	\$50,000		666,666		\$1,000,000
On of before November 15, 2024	\$50,000		333,333		\$500,000

PROSPECTOR METALS CORP. (formerly Ethos Gold Corp.)

Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

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)
- 166,666 shares within 5 days of Exchange acceptance (issued)
- 166,666 shares within 9 months of signing (issued)
- 166,666 shares within 18 months of signing (issued subsequent to September 30, 2022)

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 nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

i) Leopard Lake, Ontario

On May 25, 2022, Prospector has acquired a 100% interest in the Leopard Lake claim block from various vendors for 1,250,000 shares of Prospector (issued on July 15, 2022). There are no work commitments or royalties.

j) 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.

k) 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.

PROSPECTOR METALS CORP. (formerly Ethos Gold Corp.)

Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

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.

l) 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.

m) 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.

PROSPECTOR METALS CORP. (formerly Ethos Gold Corp.)

Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

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)

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		266,666		\$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		266,666	
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 acceptance	-		133,333	Issued
On or before June 15, 2022	\$50,000	Paid	100,000	Issued
On or before June 15, 2023	\$50,000		133,333	
On or before June 15, 2023	\$50,000		200,000	

PROSPECTOR METALS CORP. (formerly Ethos Gold Corp.)

Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

n) 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 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, 2022	December 31, 2021
GST receivable	\$ 247,506	\$ 306,375
QST receivable	238,058	238,059
Other *	267,497	-
Balance	\$ 753,061	\$ 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).

6) INVESTMENTS

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

	Fair value Jan 1, 2022	Additions September 30, 2022	Disposals September 30, 2022	Fair value adjustment September 30, 2022	Fair value September 30, 2022
Common shares	\$3,020,781	\$ -	\$ -	(\$660,180)	\$ 2,360,601

PROSPECTOR METALS CORP. (formerly Ethos Gold Corp.)**Notes to the condensed interim consolidated financial statements****For the nine months ended September 30, 2022 and 2021****(Unaudited - Expressed in Canadian Dollars)****7) TAX CREDIT RECEIVABLE**

As at September 30, 2022, the Company has tax credits receivable of \$Nil (December 31, 2021- \$Nil).

8) PROPERTY, PLANT AND EQUIPMENT

	Vehicles	Total
Cost		
Balance at December 31, 2020 and 2021	\$ -	\$ -
Additions	89,861	89,861
Balance at September 30, 2022	\$ 89,861	\$ 89,861
Accumulated depreciation		
Balance at December 31, 2020 and 2021	\$ -	\$ -
Depreciation	15,083	15,083
Balance at September 30, 2022	\$ 15,083	\$ 15,083
Net book value at September 30, 2022	\$ 74,778	\$ 74,778

9) SHARE CAPITAL

During the nine months ended September 30, 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 September 30, 2022 the Company had 56,117,962 (December 31, 2021 – 48,046,746) common shares issued and outstanding.

Preferred shares – At September 30, 2022 and December 31, 2021 no preferred shares were issued and outstanding.

Nine months ended September 30, 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

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.

PROSPECTOR METALS CORP. (formerly Ethos Gold Corp.)

Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

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, 213,497 Ontario flow-through shares priced at \$0.75, and 363,334 Quebec flow-through shares priced at \$0.75. 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.

Nine months ended September 30, 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.

On April 12, 2021, the Company issued 2,000,000 common shares relating to the acquisition of the Heaven Lake mineral property with a fair value of \$380,000.

On April 27, 2021, the Company issued 2,400,000 common shares relating to the acquisition of Campbell Lake mineral property with a fair value of \$480,000.

Shares issued for private placements

On April 1, 2021, the Company closed the first tranche of its Private Placements consisted of the following:

PROSPECTOR METALS CORP. (formerly Ethos Gold Corp.)

Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

- a British Columbia flow through private placement of 2,796,168 flow through units priced at \$0.24 per unit for gross proceeds of \$671,080. Each unit will comprise one flow through share, and one half of one non-flow through common share purchase warrant.
- an Ontario flow through private placement of 716,666 flow through units priced at \$0.24 per unit for gross proceeds of \$172,000. Each unit will comprise one flow through share, and one half of one non-flow through common share purchase warrant.
- a national flow through private placement of 5,161,365 flow through units priced at \$0.22 per unit for gross proceeds of \$1,135,500. Each unit will comprise one flow through share, and one half of one non-flow through common share purchase warrant.
- a national charity flow through private placement of 3,277,800 flow through units priced at \$0.25 per unit for gross proceeds of \$819,450. Each unit will comprise one flow through share, and one half of one non-flow through common share purchase warrant.

Each whole such warrant will be exercisable into one common share of the Company at an exercise price of \$0.40 for a period of two years following closing. The common share purchase warrants will be subject to acceleration at the Company's discretion in the event its common shares trade on the TSX Venture Exchange on a volume weighted average price ("VWAP") basis of \$0.60 or more for a period of ten consecutive trading days. These Private Placements are subject to the final acceptance of the TSX Venture Exchange, and all securities issued or issuable under the Private Placements will be subject to a 4-month hold period expiring on August 2, 2021.

On April 27, 2021, Prospector closed a private placement consisting of the following:

- a British Columbia flow through private placement of 769,500 flow through units priced at \$0.24 per unit for gross proceeds of \$184,680. Each unit will comprise one flow through share, and one half of one non-flow through common share purchase warrant. Each whole such warrant will be exercisable into one common share of the Company at an exercise price of \$0.40 for a period of two years following closing. The common share purchase warrants will be subject to acceleration at the Company's discretion in the event its common shares trade on the TSX Venture Exchange on a volume weighted average price ("VWAP") basis of \$0.60 or more for a period of ten consecutive trading days. This Private Placement is subject to the final acceptance of the TSX Venture Exchange, and all securities issued or issuable under the Private Placements will be subject to a 4-month hold period expiring on August 28, 2021.

On June 8, 2021, Prospector closed a private placement consisting of the following:

- a flow through private placement of 5,555,556 flow-through units priced at \$0.24 per unit for gross proceeds of \$1,333,334. Each unit consisted of one flow through share, and one half of one non-flow through 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. The Private Placement is subject to the acceptance of the TSX Venture Exchange and all securities issued or issuable under the Private Placement are subject to a 4-month hold period expiring on October 9, 2021. In connection with the private placements closed during the six months ended June 30, 2021, the Company paid cash Finders fees of \$156,328 and issued an aggregate of 347,347 finders warrants in connection with the Private Placements. These warrants were valued at \$17,400 at issuance date. In connection with the private placements closed during the six months ended June 30, 2021, a premium was received for the flow-through shares resulting in an initial liability of \$557,930 (Note 13).

PROSPECTOR METALS CORP. (formerly Ethos Gold Corp.)

Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

Shares issued for warrants exercised

On June 8, 2021, the Company issued 394,425 common shares relating to the exercise of warrants with a fair value of \$78,885.

On June 30, 2021, the Company issued 325,000 common shares relating to the exercise of warrants with a fair value of \$65,000.

(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.

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.

During the nine months ended September 30, 2022, 133,363 options expired unexercised.

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

	<u>September 30, 2022</u>		<u>December 31, 2021</u>	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at beginning of period	4,420,000	\$0.68	3,038,333	\$0.60
Granted	1,000,000	0.62	2,103,333	\$0.76
Expired/Cancelled	(133,363)	\$0.60	(688,333)	\$0.69
Exercised	-	-	(33,333)	\$0.66
Outstanding at end of period	5,286,637	\$0.68	4,420,000	\$0.68

PROSPECTOR METALS CORP. (formerly Ethos Gold Corp.)
Notes to the condensed interim consolidated financial statements
For the nine months ended September 30, 2022 and 2021
(Unaudited - Expressed in Canadian Dollars)

As at September 30, 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	583,330	\$0.51	0.74
Dec 4, 2023	116,666	\$0.69	1.18
May 31, 2024	199,998	\$0.60	1.67
Nov 5, 2025	1,299,992	\$0.66	3.10
May 20, 2026	1,236,658	\$0.68	3.64
Aug 3, 2021	166,666	\$1.26	3.84
October 8, 2026	683,327	\$0.78	4.02
April 21, 2027	1,000,000	\$0.62	4.56
	5,286,637	\$0.68	3.29

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.

	September 30, 2022	December 31, 2021
Weighted average share price	0.56	0.74
Weighted average exercise price	0.62	0.76
Risk-free interest rate	2.80%	1.20%
Expected volatility ⁽¹⁾	77.92%	107.28%
Expected years of option life ⁽²⁾	5	5
Expected dividends	Nil	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 nine months ended September 30, 2022 and 2021****(Unaudited - Expressed in Canadian Dollars)****(d) Share purchase warrants**

As at September 30, 2022 the Company had outstanding and exercisable share purchase warrants entitling the holders to acquire common shares as follows:

	September 30, 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	2,006,428	\$0.88	4,842,401	\$1.20
Exercised	-	-	(612,807)	\$0.73
Expired	(66,309)	0.72	(2,619,095)	\$0.94
Balance, end of period	<u>10,881,789</u>	<u>\$0.97</u>	<u>8,941,670</u>	<u>\$0.99</u>

As at September 30, 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, 2023*	1,359,607	\$0.60	0.93
September 3, 2023*	333,332	\$0.66	0.93
September 3, 2023*	499,998	\$0.72	0.93
September 3, 2023*	1,506,691	\$0.84	0.93
November 17, 2022	166,666	\$1.20	0.13
April 1, 2023	1,991,991	\$1.20	0.50
April 1, 2023	42,424	\$0.66	0.50
April 1, 2023	9,722	\$0.72	0.50
April 1, 2023	63,636	\$1.20	0.50
April 27, 2023	128,248	\$1.20	0.57
August 24, 2023	166,666	\$0.45	0.90
June 8, 2023	925,925	\$0.90	0.69
August 6, 2023	1,180,105	\$1.35	0.85
August 6, 2023	41,666	\$1.35	0.85
November 23, 2023	458,684	\$1.44	1.15
April 8, 2024	77,180	\$0.90	1.52
April 8, 2024	117,500	\$0.60	1.52
April 8, 2024	1,811,748	\$0.90	1.52
Balance, September 30, 2022	<u>10,881,789</u>	<u>\$0.97</u>	<u>0.92</u>

*On August 16, 2022, the TSX Venture Exchange has consented to extend the expiry date of September 3, 2022 to September 3, 2023.

PROSPECTOR METALS CORP. (formerly Ethos Gold Corp.)

Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

10) ACCOUNTS PAYABLE

	September 30, 2022		December 31, 2021	
Accounts payable and accrued liabilities	\$	231,856	\$	495,321
	\$	231,856	\$	495,321

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:

<u>Nine months ended</u>	September 30, 2022		September 30, 2021	
Consulting fees	\$	381,600	\$	355,403
Share-based compensation		209,483		320,165
	\$	591,083	\$	675,568

*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, 2022, the amount due to related parties is \$115,380 (December 31, 2021 – \$Nil).

Other related party transactions

During the nine months ended September 30, 2022, \$4,500 (2021 - \$4,500) was received for rent from a director of the Company.

12) SUPPLEMENTAL CASH FLOW INFORMATION

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.

During the nine months ended September 30, 2021, the Company entered into the following non-cash transactions:

- The Company recognized \$2,170,000 in mineral interest acquisition costs related to 11,300,000 common shares issued for mineral properties.
- The Company closed various private placements during the period ended June 30, 2021 (Note 9). In connection with these private placements, Company issued an aggregate of 347,347 finders valued at \$17,400 at issuance date a premium was received for the flow-through shares resulting in an initial liability of \$557,930.

PROSPECTOR METALS CORP. (formerly Ethos Gold Corp.)

Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

13) SEGMENTED INFORMATION

- (a) The Company operates in one industry segment (note 1).
- (b) At September 30, 2022 and December 31, 2021, the Company's mineral interests were located as follows:

	September 30, 2022	December 31, 2021
Mineral interests		
British Columbia, Canada	\$ 309,500	\$ 836,500
Ontario, Canada	3,420,389	2,100,400
Quebec, Canada	1,084,145	1,084,145
Newfoundland, Canada	2,452,000	2,368,000
	<u>\$ 7,265,534</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		299,608
Settlement of flow-through share liability on incurring expenditures		(694,732)
Balance at September 30, 2022	\$	127,867

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.

On April 1, 2021, the Company completed a non-brokered private placement of 1,092,600 flow-through shares at a

PROSPECTOR METALS CORP. (formerly Ethos Gold Corp.)

Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

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.

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, 2022, the Company has an obligation to spend \$119,353 by December 31, 2022, and a further \$272,501 by December 31, 2023 by which time the outstanding flow-through share premium liability of \$127,867 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

PROSPECTOR METALS CORP. (formerly Ethos Gold Corp.)

Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

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.

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 September 30, 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 \$1,090 (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 nine months ended September 30, 2022, the following events took place:

- On October 28, 2022, the Company issued common shares for the following option agreements:
 - 200,000 common shares for Gaffney (note 4c)
 - 266,666 common shares for Virgin Arm (note 4m) and \$90,000 in cash.
 - 266,666 common shares for Deep Cove (note 4m) and \$50,000 in cash.
- On November 1, 2022, the Company issued 166,666 common shares in connection to the option agreement of the Fairchild Lake (see note 4g).

PROSPECTOR METALS CORP. (formerly Ethos Gold Corp.)

Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

- On November 15, 2022, the Company issued 666,666 common shares and \$50,000 in cash in connection to the option agreement of the Savant Lake (see note 4e).