PROSPECTOR Metals Corp.

PROSPECTOR METALS CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2023 and 2022

Unaudited – Expressed in Canadian dollars

Notice to Reader

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

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

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

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

	Note(s)		March 31, 2023		December 31, 2022
ASSETS					
Current assets:					
Cash		$	2,146,577	$	887,341
Amounts receivables	5		239,997		303,988
Investments	6		823,584		1,758,867
Prepaid expenses			396,813		351,234
Total current assets			3,606,971		3,301,430
Non-current assets:					
Bond	4		37,500		37,500
Exploration and evaluation assets	4		7,757,034		7,757,034
Equipment			61,298		68,038
Total assets		$	11,462,803	$	11,164,002
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	8	$	338,997	$	624,402
Flow-through share premium	10		69,033		69,033
Total current liabilities			408,030		693,435
Non-current liabilities:					
Flow-through share premium			350,563		37,500
Total liabilities		$	758,593	$	11,164,002
SHAREHOLDERS' EQUITY					
Share capital	7		48,184,809		47,447,312
Reserves	7		8,758,936		8,464,428
Deficit			(46,239,535)		(45,441,173)
Total shareholders' equity			10,704,210		10,470,567
Total liabilities and shareholders' equity		$	11,462,803	$	11,164,002

Nature of operations (Note 1)
Subsequent event (Note 13)

Approved by the Board of Directors and authorized for issue on May 26, 2023.

"Craig Roberts" Director

"Rob Carpenter" Director

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

PROSPECTOR METALS CORP.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Unaudited - Expressed Canadian Dollars)

	Note		Three months ended March 31, 2023	2022
Expenses				
Amortization		$	6,740	2,071
Consulting fees			218,821	293,311
Exploration and project evaluation	4		317,008	541,547
Investor relations			129,206	102,184
Listing and filing fees			7,604	11,190
Office and administrative			79,913	38,955
Professional fees			42,279	20,432
Rent			4,727	4,727
Share based payment expense			276,536	
Travel			39,607	22,884
Loss before the undernoted			(1,122,441)	(1,037,301)
Other income (expenses)				
Change in fair value of investments	6		213,820	579,444
Foreign exchange (loss)/gain			(244)	(28)
Interest income			4,501	4,198
Other income from settlement of flow-through	10		-	20,808
Part XII.6 tax accrual			-	(2,690)
Other income	4		106,002	279,235
Net loss and comprehensive loss for the period		$	(798,362)	(156,334)
Basic and diluted loss per common share		$	(0.01)	(0.00)
Weighted average number of common shares outstanding			57,891,049	48,491,185

PROSPECTOR METALS CORP.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
For the three months ended March 31, 2023 and 2022
(Unaudited - Expressed Canadian Dollars)

	Share Capital (Note 7)					
	Number of shares	Amount	Subscription received	Share Option Reserves	Deficit	Total shareholders' equity
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**
Balance, December 31, 2022	**56,117,962**	**$ 47,447,312**	**-**	**$ 8,464,428**	**$ (45,441,173)**	**$ 10,470,567**
Shares issued for private placement	4,644,513	1,140,130	-	-	-	1,140,130
Flow-through share premium	-	(350,563)	-	-	-	(350,563)
Share-based compensation		-	-	276,536	-	276,536
Share issuance costs	-	(52,070)	-	17,972	-	(34,098)
Net loss for the period	-	-	-	-	(798,362)	(798,362)
Balance, March 31, 2023	**60,762,475**	**$ 48,184,809**	**$ -**	**$ 8,758,936**	**$ (46,239,535)**	**$ 10,704,210**

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

PROSPECTOR METALS CORP.

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited - Expressed Canadian Dollars)

		For the three months ended March 31,	
	Note(s)	2023	2022
Cash flows from operating activities:			
Net loss for the year		$ (798,362)	$ (156,334)
Items not affecting cash:			
Amortization		6,740	2,071
Change in fair value of investments	6	(213,820)	(579,444)
Stock based compensation		276,536	-
Other income from settlement of flow-through	10	-	(20,808)
Changes in non-cash working capital:			
Accounts payable and accrued liabilities		(285,405)	(159,650)
Amounts receivable		63,991	(220,299)
Prepaid expenses		(45,579)	(150,926)
Net cash used in operating activities		(995,899)	(1,285,390)
Cash flows from investing activities:			
Acquisition of property, plant and equipment		-	(62,870)
Proceeds on sale of investments	6	1,149,103	-
Net cash generated (used) in investing activities		1,149,103	(62,870)
Cash flows from financing activities:			
Subscription received	7	-	387,500
Proceeds from private placement	7	1,140,130	
Share issuance costs	7	(34,098)	-
Net cash provided by financing activities		1,106,032	387,500
Net change in cash		1,259,236	(960,761)
Cash, beginning of the period		887,341	3,558,391
Cash, end of the period		$ 2,146,577	$ 2,597,631

Cash and cash equivalents consisted of		
Cash deposited with a Canadian Senior Bank	$ 2,037,486	$ 2,488,540
Term deposits and guaranteed investment certificates issued	109,091	109,091
	$ 2,146,577	$ 2,597,631

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

1. NATURE OF OPERATIONS

Prospector Metals 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.

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, 2023, the Company had current assets of $3,606,971 to settle current liabilities of $408,030, leaving the company with working capital of $3,198,941.

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, 2023.

The condensed interim consolidated financial statements for the three months ended March 31, 2023 (including comparatives) have been prepared by management, reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on May 26, 2023.

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

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, 2023 are consistent with those applied and disclosed in note 3 to the Company's audited consolidated financial statements for the year ended December 31, 2022.

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.

(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	640,350	150,000	-	**1,932,951**
Acquisition costs:						
Cash payments	75,000	28,300	150,000	170,000	-	**423,300**
Share issuances	393,000	1,345,000	408,000	2,048,000	-	**4,194,000**
Write down	(47,001)	-	-	-		**(47,001)**
Recovery	-	-	(114,205)	-	-	**(114,205)**
Balance, Dec 31, 2021	836,500	2,100,400	1,084,145	2,368,000	-	**6,389,045**
Acquisition costs:						
Cash payments	-	50,000	20,000	190,000	-	**260,000**
Share issuances	29,000	1,499,156	-	107,333	-	**1,635,489**
Impairment	(527,500)					**(527,500)**
Balance, Dec 31, 2022, and March 31, 2023	338,000	3,649,556	1,104,145	2,665,333	-	**7,757,034**

Exploration expenditures

During the period ended March 31, 2023, the Company incurred the following exploration expenses:

	British Columbia	Ontario	Quebec	Newfoundland	United States	**Total**
Administration	14,497	25,490	2,826	1,863	-	**42,676**
Assays	-		6,318	-	-	**6,318**
Camp costs	-	21,995	-	1,522	-	**38,358**
Community Relations	-	-	-	-	-	**-**
Drilling	-	1,708	-	-	-	**1,708**
Field equipment	-	187	-	-	-	**187**
Geological	14,679	104,638	6,958	11,102	-	**137,377**
Geophysics	69,500	-	-	-	-	**69,500**
Property Maintenance	500	29,350	5,876	-	-	**35,726**
Travel	-	-	-	-	-	**-**
Balance, March 31, 2023	97,176	198,209	21,978	14,487	-	**317,008**

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**
Field equipment	-	9,878	-	8,300	-	**18,178**
Geological	15,492	177,955	31,803	171,103	-	**396,352**
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**

(Unaudited - Expressed in Canadian Dollars)

a) *Pine Pass Project, British Columbia*

The Company entered into an option agreement to acquire a 100% interest in the vanadium project known as the Pine Pass Project in northeastern British Columbia. On June 29, 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.

Due to the uncertainty of the Moratorium, the Company wrote down the carry value of the Pine Pass project totaling $47,001 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 near 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		Common Shares	
Within five days of the execution date	$10,000	Paid	-	
Within five days of TSX-V approval	$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 to 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 Perk-Rocky mineral property option agreement with a fair value of $225,000.

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

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 by making the following cash and share payments:

(Unaudited - Expressed in Canadian Dollars)

	Cash		Common Shares	
Within five days of the execution date	$15,000	Paid	-	
Within five days of TSX-V approval	-		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	

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

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

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

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

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

(Unaudited - Expressed in Canadian Dollars)

e) Savant Lake, Ontario

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

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

	Cash		Common Shares		Work Commitment
Within five days of the execution date	$50,000	Paid	-		-
Within five days of TSX-V approval	-		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 New Dimension 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 earn-in agreement. Changes are as follows:

	Cash		Common Shares		Work Commitment
Within five days of the execution date	$50,000	Paid	-		-
Within five days of TSX-V approval	-		666,667	Issued	-
On or before September 20, 2021	-		333,333	Issued	-
On or before November 15, 2022	$50,000	Paid	666,666	Issued	$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

During the year ended December 31, 2022, the Company issued 666,666 common shares in accordance with the Savant Lake property earn-in agreement with a fair value of $90,000 and also paid $50,000 in cash (2021 - 333,333 common shares with a fair value of $270,000).

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 in Ontario.

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

(Unaudited - Expressed in Canadian Dollars)

	Cash		**Common Shares**	
Within five days of the execution date	$10,000	Paid	-	
Within five days of TSX-V approval	-		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 Fairchild Lake claim block located in Ontario by making the following cash and share payments:

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

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

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

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

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

(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 located in the province of Quebec.

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

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

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

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

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

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

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 in 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	Common Shares	
Within ten days of TSX-V approval	-	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 exchange for 1 million units of Vior, with each unit consisting of one common share and one common share purchase warrant. During 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.

k) Schefferville, Quebec

On August 5, 2020, the Company staked two claim blocks in the province of Quebec. Staking costs of $80,145 are included in mineral property acquisition costs.

On October 15, 2020, Prospector purchased a 100% interest in 206 mineral claims that are contiguous to Prospector's staked Sable block, part of the Schefferville Gold Project.

Prospector has purchased the claims for $50,000 cash (paid) and 500,000 common 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 common 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

In fiscal 2020, Prospector entered into two earn-in agreements under which Prospector may earn a 100% interest in the Toogood claim group and the McGrath claim group located on New World Island, Newfoundland. These projects are situated to the north-east of the Company's Deep Cove and Virgin Arm properties, The Deep Cove, Virgin Arm, McGrath and Toogood claims are 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.

(Unaudited - Expressed in Canadian Dollars)

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

During the year ended December 31, 2021, Prospector issued 1,700,000 common shares related to the Toogood property valued at $1,042,000.

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
- 266,667 shares 12 months following signing

During the year ended December 31, 2021, Prospector issued 530,334 common shares related to the McGrath claim group valued at $376,000.

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

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

During the year ended December 31, 2022, the Company paid $50,000 and issued 266,667 common shares with a fair value of $36,667 as part of the earn in agreement on the Deep Cove property (2021 – paid $45,000 and issued 400,000 common shares valued at $246,000).

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		Common Shares	
Within five days of the execution date	$60,000	Paid	-	
Within five days of TSX-V approval	-		133,333	Issued
On or before October 29, 2021	$75,000	Paid	200,000	Issued
On or before October 29, 2022	$90,000	Paid	266,666	Issued
On or before October 29, 2023	$150,000		400,000	

(Unaudited - Expressed in Canadian Dollars)

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.

During the year ended December 31, 2022, Prospector paid $90,000 and issued 266,667 common shares related to the Virgin Arm property valued at $36,667 (2021 - paid $75,000 and issued 333,333 common shares valued at $212,000).

Fairbanks Earn-in Agreement:

	Cash		Common Shares	
Within five days of the execution date	$50,000	Paid	-	
Within five days of TSX-V approval	-		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	

During the year ended December 31, 2022, the Company paid $50,000 and issued 100,000 common shares relating to the acquisition of Fairbanks mineral property with a fair value of $34,000 (2021 - issued 133,333 common shares with a fair value of $172,000).

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 in 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. During 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.

n) Leopard Lake, Ontario

On May 25, 2022, the Company acquired a 100% interest in the Leopard Lake claim block for 1,250,000 common shares of the Company, with a fair value of $462,500. There are no work commitments or royalties on the project.

(Unaudited - Expressed in Canadian Dollars)

5) ACCOUNTS RECEIVABLE

	March 31, 2023	December 31, 2022
GST receivable	$ 92,026	$ 157,660
QST receivable	147,973	146,328
Balance	$ 239,997	$ 303,988

6) INVESTMENTS

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

	Fair value Jan 1, 2023	Additions March 31, 2023	Disposals March 31, 2023	Fair value adjustment March 31, 2023	Fair value March 31, 2023
Common shares	$1,758,867	$ -	$ (1,149,103)	$ 213,820	$ 823,584

7) SHARE CAPITAL

During the period ended March 31, 2022, the Company had consolidated it 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, 2023 the Company had 62,329,139 (December 31, 2022 – 57,684,626) common shares issued and outstanding.

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

<u>Three months ended March 31, 2022:</u>

<u>Shares issued for private placement</u>

On March 27, 2023, the Company closed a non-brokered private placement consisting of Ontario charity flow-through units (the "Charity FT Units") offered at a price of $0.28 per Charity FT Unit and Ontario flow-through units (the "ON FT Units") offered at a price of $0.21 per ON FT Unit for gross proceeds to the company of $1,140,130 (the "Offering"). In connection with the closing of the Offering, the Company issued an aggregate total of 4,644,513 flow-through units with each flow-through unit being comprised of one flow-through share (the "FT

(Unaudited - Expressed in Canadian Dollars)

Share") and one half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant is exercisable into one common share of the Company at an exercise price of $0.30 for a period of two years from the date of issue.

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

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).

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

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

	March 31, 2023		December 31, 2022	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at beginning of period	5,336,637	$0.68	4,420,000	$0.68
Granted	1,946,000	$0.21	1,050,000	$0.62
Expired/Cancelled	(516,665)	$.60	(133,363)	$0.60
Exercised	-	-	-	-
Outstanding at end of period	6,765,972	$0.64	5,336,637	$0.68

(Unaudited - Expressed in Canadian Dollars)

As at March 31, 2023, the following share purchase options were outstanding and exercisable:

Expiry date	Outstanding and Exercisable Options	Weighted Average Exercise Price	Weighted Average Remaining contractual life (in years)
June 26, 2023	416,664	$0.51	0.48
Dec 4, 2023	116,666	$0.69	0.93
May 31, 2024	199,998	$0.60	1.42
Nov 5, 2025	1,216,658	$0.66	2.85
May 20, 2026	1,103,325	$0.68	3.39
Aug 3, 2021	166,666	$1.26	3.59
October 8, 2026	549,995	$0.78	3.77
April 21, 2026	1,000,000	$0.62	3.31
December 1, 2027	50,000	$0.62	4.65
March 27, 2028	1,946,000	$0.21	4.85
	6,765,972	$0.64	3.20

The following weighted-average grant date assumptions were used in valuing share purchase options granted during the period ended March 31, 2023 and the year ended December 31, 2022. 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, 2023	December 31, 2022
Weighted average share price	$ 0.17	$ 0.56
Weighted average exercise price	$ 0.21	$ 0.62
Risk-free interest rate	2.96%	2.67%
Expected volatility (1)	126%	108%
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.

(c) Share purchase warrants

As at March 31, 2023 the Company had outstanding and exercisable share purchase warrants entitling the holders to acquire common shares as follows:

(Unaudited - Expressed in Canadian Dollars)

	March 31, 2023		December 31, 2022	
	Number of warrants	Weighted Average Exercise Price	Number of warrants	Weighted Average Exercise Price
Balance, beginning of period	10,715,125	$0.99	8,941,707	$0.99
Granted	2,484,670	$0.27	2,006,428	$0.88
Exercised	-	-	-	-
Expired	-	-	(233,010)	$1.06
Balance, end of period	13,199,795	$0.90	10,715,125	$0.97

As at March 31, 2023, the Company had outstanding and exercisable share purchase warrants entitling the holders to acquire common shares as follows:

Expiry date	Outstanding and Exercisable warrants	Weighted average exercise price	Weighted average remaining life (in years)
September 3, 2023*	1,359,607	$0.60	0.67
September 3, 2023*	333,332	$0.66	0.67
September 3, 2023*	499,998	$0.72	0.67
September 3, 2023*	1,506,691	$0.84	0.67
August 24, 2023	166,666	$0.45	0.65
April 1, 2023	1,991,992	$1.20	0.25
April 1, 2023	42,424	$0.66	0.25
April 1, 2023	9,722	$0.72	0.25
April 1, 2023	63,636	$1.20	0.25
April 27, 2023	128,248	$1.20	0.32
June 8, 2023	925,925	$0.90	0.44
August 6, 2023	1,180,105	$1.35	0.60
August 6, 2023	41,666	$1.35	0.60
November 23, 2023	458,684	$1.44	0.90
April 8, 2024	77,180	$0.90	1.27
April 8, 2024	117,500	$0.60	1.27
April 8, 2024	1,811,750	$0.90	1.27
March 27, 2025	2,484,669	$0.30	1.75
Balance, as at date of report	13,199,795	$0.90	0.98

8) RELATED PARTY TRANSACTIONS

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

		March 31, 2023		March 31, 2022
Consulting fees	$	156,000	$	75,100
Share based compensation		201,220		-
	$	357,220	$	75,100

*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.

(Unaudited - Expressed in Canadian Dollars)

Due to/from related parties

As at March 31, 2023, the amount due to related parties is $20,000 (2022 – $20,000) and the amount due from related parties is $nil (2022- $1,500).

Other related party transactions

During the period ended March 31, 2023, $4,500 (2022 - $4,500) was received for rent from a director of the Company.

9) SEGMENT INFORMATION

(a) The Company operates in one industry segment (note 1).

(b) At March 31, 2023 and December 31, 2022, the Company's mineral interests were located as follows:

	March 31, 2023	December 31, 2022
Mineral interests		
British Columbia, Canada	$ 338,000	$ 338,000
Ontario, Canada	3,649,556	3,649,556
Quebec, Canada	1,104,145	1,104,145
Newfoundland, Canada	2,665,333	2,665,333
	$ 7,757,034	$ 7,757,034

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.

10) 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	299,609
Settlement of flow-through share liability on incurring expenditures	(753,566)
Balance at December 31, 2022	**69,033**
Liability incurred on flow-through shares	350,563
Balance at March 31, 2023	**419,596**

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

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

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

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

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

On April 8, 2022, the Company closed a private placement for of issuance of 1,187,567 National flow-through shares priced at $0.72 per share, 213,497 Ontario flow-through shares priced at $0.75 per share, and 363,334 Quebec flow-through shares priced at $0.75 per share for gross proceeds of $1,287,671. In connection with the private placements closed, a premium was received for the flow-through shares resulting in an initial liability of $299,609.

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

The flow-through liability is amortized to Other Income in the Statement of Loss and Comprehensive Loss, based on the percentage of the eligible expenditures incurred during the period. As at March 31, 2023, the Company has an obligation to spend $251,244 by December 31, 2023, and $1,140,130 by December 31, 2024 by which time the outstanding flow-through share premium liability of $419,596 will be settled when these flow-through expenditures are made.

11) 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.

12) 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.

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.

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.

13) SUBSEQUENT EVENT

On April 25, 2023, the Company terminated the Schefferville option with Newfoundland Discovery Group.