



PROSPECTOR

Metals Corp.

PROSPECTOR METALS CORP.

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

Expressed in Canadian dollars

DAVIDSON

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Prospector Metals Corp.

Opinion

We have audited the accompanying consolidated financial statements of Prospector Metals Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company is expected to incur further losses in the development of its business, and that its ability to continue as a going concern is dependent upon its ability to obtain the necessary capital to meet its obligations and repay its liabilities arising from normal business operations when they come due. As stated in Note 1, these material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

Assessment of Impairment Indicators of Exploration and Evaluation Assets (“E&E Assets”)

As described in Note 4 to the consolidated financial statements, the carrying amount of the Company’s E&E Assets was \$4,605,177 as of December 31, 2025. As more fully described in Note 3 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.

The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets’ carrying amount which is impacted by the Company’s intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Asset.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Evaluating management’s assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company’s recent expenditure activity.
- Obtaining, on a test basis, confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor’s report includes Management’s Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management’s Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Kyle McElwee.

Davidson & Company LLP

Chartered Professional Accountants

Vancouver, Canada

April 28, 2026

PROSPECTOR METALS CORP.
Consolidated Statements of Financial Position
As at
(Expressed Canadian Dollars)

	Note	December 31, 2025	December 31, 2024
ASSETS			
Current assets:			
Cash and cash equivalents		\$ 42,573,980	\$ 1,205,977
Amounts receivable		120,543	279,668
Investments	5	907,545	7,731
Prepaid expenses		48,349	28,313
Total current assets		43,650,417	1,521,689
Non-current assets:			
Bond		37,500	37,500
Exploration and evaluation assets	4	4,605,177	5,083,534
Equipment		-	14,121
Total assets		\$ 48,293,094	\$ 6,656,844
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	7	\$ 88,044	\$ 107,691
Flow-through share premium	9	351,459	14,991
Total current liabilities		439,503	122,682
SHAREHOLDERS' EQUITY			
Share capital	6	99,774,091	53,822,124
Reserves	6	9,904,666	9,321,903
Deficit		(61,825,166)	(56,609,865)
Total shareholders' equity		47,853,591	6,534,162
Total liabilities and shareholders' equity		\$ 48,293,094	\$ 6,656,844

Nature of operations (Note 1)

Subsequent events (Note 14)

Approved by the Board of Directors and authorized for issue on April 28, 2026.

_____"Craig Roberts"_____
Director

_____"Rob Carpenter"_____
Director

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

PROSPECTOR METALS CORP.

Consolidated Statements of Loss and Comprehensive Loss

For the years ended December 31,

(Expressed Canadian Dollars)

	Note	2025	2024
	(s)		
Expenses			
Consulting fees	7	\$ (918,000)	\$ (483,640)
Depreciation expense		(14,121)	(26,958)
Exploration and project evaluation	4	(4,278,982)	(1,779,384)
Investor relations		(218,647)	(134,813)
Listing and filing fees		(131,396)	(44,976)
Office and administrative		(154,553)	(191,908)
Professional fees	7	(317,363)	(250,336)
Rent		(47,070)	(40,424)
Share-based compensation	6, 7	(634,059)	(524,730)
Travel		(90,870)	(96,258)
Loss before the undernoted		(6,805,061)	(3,573,427)
Other income (expenses)			
Net realized and unrealized gain on investments	5	334,851	4,890
Foreign exchange loss		(1,319)	560
Interest income		139,264	74,216
Other income from settlement of flow-through liability	9	1,015,389	366,371
Gain on sale of assets	4	86,606	-
Other income		14,969	-
Impairment of exploration and evaluation asset	4	-	(3,640,567)
Write-off of prepaids		-	(93,000)
Loss and comprehensive loss for the year		\$ (5,215,301)	\$ (6,860,957)
Basic and diluted loss per common share		\$ (0.06)	\$ (0.14)
Weighted average number of common shares outstanding – basic and diluted		90,098,122	47,568,765

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

PROSPECTOR METALS CORP.

Consolidated Statements of Changes in Shareholders' Equity

For the years ended December 31, 2025 and 2024

(Expressed Canadian Dollars)

	Share capital		Reserves	Deficit	Total shareholders' equity
	Number of shares	Amount			
Balance, December 31, 2023	21,154,148	\$ 48,289,476	\$ 8,758,936	\$ (49,748,908)	\$ 7,299,504
Shares issued for private placement	24,907,725	3,659,331	-	-	3,659,331
Shares issued for property acquisition	11,188,830	2,157,766	-	-	2,157,766
Flow-through share premium	-	(178,572)	-	-	(178,572)
Share-based compensation	-	-	524,730	-	524,730
Share issuance costs	-	(105,877)	38,237	-	(67,640)
Loss for the year	-	-	-	(6,860,957)	(6,860,957)
Balance, December 31, 2024	57,250,703	\$ 53,822,124	\$ 9,321,903	\$ (56,609,865)	\$ 6,534,162
Balance, December 31, 2024	57,250,703	\$ 53,822,124	\$ 9,321,903	\$ (56,609,865)	\$ 6,534,162
Shares issued for private placement	80,404,119	43,782,914	-	-	43,782,914
Shares issued for warrants exercised	11,865,410	3,681,818	(93,150)	-	3,588,668
Shares issued for options exercised	436,000	190,130	(80,600)	-	109,530
Flow-through share premium	-	(1,351,857)	-	-	(1,351,857)
Share-based compensation	-	-	634,059	-	634,059
Share issuance costs	-	(351,038)	122,454	-	(228,584)
Loss for the year	-	-	-	(5,215,301)	(5,215,301)
Balance, December 31, 2025	149,956,232	\$ 99,774,091	\$ 9,904,666	\$ (61,825,166)	\$ 47,853,591

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

PROSPECTOR METALS CORP.

Consolidated Statements of Cash Flows

For the years ended December 31,

(Expressed Canadian Dollars)

	Note(s)	2025	2024
Cash flows from operating activities:			
Loss for the year		\$ (5,215,301)	\$ (6,860,957)
Items not affecting cash:			
Depreciation expense		14,121	26,958
Other income from settlement of flow-through liability	9	(1,015,389)	(366,371)
Share-based compensation	6	634,059	524,730
Impairment of exploration and evaluation asset	4	-	3,640,567
Write-off of prepaids		-	93,000
Gain on sale of assets	4	(86,606)	
Net realized and unrealized gain on investments	5	(334,851)	(4,890)
Changes in non-cash working capital:			
Accounts payable and accrued liabilities		(19,646)	(92,002)
Amounts receivable		159,125	148,229
Prepaid expenses		(20,036)	183,770
Net cash used in operating activities		(5,884,525)	(2,706,966)
Cash flows from investing activities:			
Acquisition of mineral properties	4	-	(127,546)
Proceeds on sale of investments	5	-	65,421
Recovery on exploration and evaluation assets	4	-	25,000
Net cash provided by (used in) investing activities		-	(37,125)
Cash flows from financing activities:			
Proceeds from private placements	6	43,782,914	3,659,331
Proceeds from warrants exercised	6	3,588,668	-
Proceeds from options exercised	6	109,530	-
Promissory note	7	-	(101,625)
Share issuance costs	6	(228,584)	(67,640)
Net cash provided by financing activities		47,252,528	3,490,066
Net change in cash and cash equivalents		41,368,003	745,975
Cash and cash equivalents, beginning of the year		1,205,977	460,002
Cash and cash equivalents, end of the year		\$ 42,573,980	\$ 1,205,977
Cash and cash equivalents consisted of:			
Cash deposited with a Canadian Senior Bank		\$ 42,245,592	\$ 897,150
Term deposits and guaranteed investment certificates issued		328,388	308,827
		\$ 42,573,980	\$ 1,205,977

Supplemental disclosure with respect to cash flows (Note 10)

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

PROSPECTOR METALS CORP.

**Notes to the consolidated financial statements
For the years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars)**

1. NATURE OF OPERATIONS

Prospector Metals Corp. (the “Company” or “Prospector”) was incorporated on March 12, 2007 under the British Columbia Business Corporations Act. The Company is trading on the TSX Venture Exchange under the ticker symbol PPP. Its registered office is located at Suite 1020 – 800 W Pender St., Vancouver, BC, V6C 2V6. The Company’s principal business activities are the identification and exploration of economically viable mineral properties.

As at December 31, 2025, the Company had current assets of \$43,650,417 (2024 - \$1,521,689) to settle current liabilities of \$439,503 (2024 - \$122,682), leaving the company with working capital of \$43,210,914 (2024 - \$1,399,007).

Going Concern and Continuance of Operations

These consolidated financial statements have been presented on the basis that the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. Realization values may be substantially different from the carrying values shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company is expected to incur further losses in the development of its business. The Company’s ability to continue as a going concern is dependent upon its ability to obtain the necessary capital to meet its obligations and repay its liabilities arising from normal business operations when they come due. While the Company has been successful in securing financing in the past, there is no assurance that it will be able to do so in the future. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

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

Statement of Compliance

These consolidated financial statements have been prepared in accordance with IFRS Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These consolidated financial statements were approved by the Board of Directors on April 28, 2026.

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for assets classified as fair value through profit or loss which have been measured at fair value. These consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Continued operations of the Company are dependent on the Company’s ability to receive financial support, necessary financing, or generate profitable operations in the future.

PROSPECTOR METALS CORP.

Notes to the consolidated financial statements
For the years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars)

Basis of Consolidation

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

3. MATERIAL ACCOUNTING POLICY INFORMATION

a) Cash and cash equivalents

Cash and cash equivalents include cash on hand and other short-term, highly liquid investments with maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

b) 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.

c) Comprehensive loss

Comprehensive loss is the change in the Company’s net assets that results from transactions, events and circumstances from sources other than Prospector’s shareholders and includes items that would not normally be included in net earnings such as unrealized gains or losses on marketable securities.

d) Exploration and evaluation assets

Before legal rights to explore a property have been acquired, costs are expensed as incurred. Costs related to the acquisition of exploration and evaluation assets are capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition costs are not recoverable over the estimated economic life of the property, or the property is abandoned, or management deems there to be an impairment in value, the property is written down to its net realizable value. Costs related to the exploration and evaluation of mineral properties are recognized in profit or loss as incurred.

Any option payments received by Prospector from third parties or tax credits refunded to the Company are credited to the capitalized cost of the mineral interest. If payments received exceed the capitalized cost of the mineral interest, the excess is recognized as income in the year received and allocated against exploration expenses. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of Prospector to obtain the necessary financing to complete the exploration and evaluation, and future profitable production or proceeds from the disposition thereof.

PROSPECTOR METALS CORP.

Notes to the consolidated financial statements For the years ended December 31, 2025 and 2024 (Expressed in Canadian Dollars)

e) Restoration, rehabilitation and environmental costs

Prospector recognizes statutory, contractual or other legal obligations related to the retirement of its exploration and evaluation assets and its tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. These obligations are measured initially at the net present value of estimated future cash flows and the resulting costs are expensed to the statement of loss and comprehensive loss. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows.

f) Income taxes

Tax expense comprises current and deferred tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year using tax rates enacted or substantively enacted at the reporting date. As the Company is in a loss position there is no current tax payable.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

g) Equipment

Equipment is carried at cost, less accumulated amortization and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. The Company amortizes the cost of equipment over their estimated useful lives at the following annual rates:

Equipment	30%	Straight line basis
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h) Impairment

Non-financial assets

At each reporting date the carrying amounts of Prospector's long-lived assets, which are comprised of equipment and exploration and evaluation assets, are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use, which is the present value of future cash flows expected to be derived from the asset or its related cash generating unit. For purposes of impairment testing, assets are grouped at the lowest levels that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

PROSPECTOR METALS CORP.

Notes to the consolidated financial statements For the years ended December 31, 2025 and 2024 (Expressed in Canadian Dollars)

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the associated assets are reduced to their recoverable amount and the impairment loss is recognized in profit or loss for the period.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment charge is reversed through profit or loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of any applicable depreciation, if no impairment loss had been recognized.

i) Financial instruments

Classification

Financial assets are classified at initial recognition as either: measured at amortized cost, fair value through profit or loss ("FVTPL"), or fair value through other comprehensive income ("FVTOCI"). The classification depends on the Company's business model for managing the financial assets and the contractual cash flow characteristics. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income ("OCI").

Fair value through profit or loss ("FVTPL") – Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the income statement. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in profit or loss in the period in which they arise.

Fair value through other comprehensive income – Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets at amortized cost - A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Financial liabilities are measured at amortized cost unless they are required to be measured at FVTPL or the Company has opted to measure at FVTPL.

Pursuant to IFRS 9, Prospector classifies its financial instruments as follows:

Cash and cash equivalents	Amortized cost
Investments	FVTPL
Amounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Bond	Amortized cost

PROSPECTOR METALS CORP.

Notes to the consolidated financial statements For the years ended December 31, 2025 and 2024 (Expressed in Canadian Dollars)

Measurement

Financial assets and liabilities at FVTPL are initially recognized at fair value and transaction costs are expensed in the consolidated statement of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets or liabilities held at FVTPL are included in the consolidated statement of loss and comprehensive loss in the period in which they arise. Where the Company has opted to designate a financial liability at FVTPL, any changes associated with the Company's credit risk will be recognized in other comprehensive income. Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost less any impairment.

Impairment

The Company assesses on a forward-looking basis the expected credit loss ("ECL") associated with financial assets measured at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

j) Share-based compensation

The grant date fair value of share-based compensation awards granted to employees and consultants, including directors and officers, is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. Share-based compensation to non-employees are measured at the fair value of the goods or services received or if such fair value is not reliably measurable, at the fair value of the equity instruments issued. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

k) Loss per common share

Basic loss per common share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The computation of diluted loss per common share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The effect of potential issuances of shares from the exercise of outstanding options and warrants would be anti-dilutive for the periods presented and accordingly, basic and diluted loss per share are the same.

l) Use of estimates and judgments

The following are the critical judgments and estimates that Prospector has made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements.

PROSPECTOR METALS CORP.

Notes to the consolidated financial statements For the years ended December 31, 2025 and 2024 (Expressed in Canadian Dollars)

Critical judgments

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

Key sources of estimation uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant. Significant estimates made by management affecting the consolidated financial statements include:

Share-based compensation

Share-based compensation expense is measured by reference to the fair value of the stock options at the date at which they are granted. Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

Deferred tax assets and liabilities

The measurement of a deferred tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities. The estimation of taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, Prospector would be required to recognize more or fewer deferred tax assets, and future tax provisions or recoveries could be affected.

Carrying value and recoverability of exploration and evaluation assets

The carrying amount of Prospector's exploration and evaluation assets do not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

PROSPECTOR METALS CORP.

Notes to the consolidated financial statements For the years ended December 31, 2025 and 2024 (Expressed in Canadian Dollars)

Fair value of shares received subject to sale restrictions

The Company may receive equity instruments as consideration in transactions. In certain cases, these instruments are subject to contractual resale restrictions that limit the holder's ability to sell or transfer the securities for a specified period. Under IFRS 13 *Fair Value Measurement*, judgment is required in determining whether such restrictions represent characteristics of the instrument that market participants would consider when measuring fair value. Where restrictions are assessed as affecting the marketability of the equity instruments, the Company applies a Discount for Lack of Marketability ("DLOM") to the observable market price. The determination of the DLOM involves significant estimation uncertainty and requires assumptions regarding the duration of the restriction period, expected price volatility, and liquidity impacts. Changes in these assumptions could materially affect the fair value recorded.

m) Environmental rehabilitation obligation

The Company recognizes statutory, contractual or other legal obligations related to the retirement of its exploration and evaluation assets and its tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. These obligations are measured initially at the net present value of estimated future cash flows and the resulting costs are expensed to the statement of loss and comprehensive loss. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows.

n) New accounting standards issued but not yet in effect:

IFRS 18 Presentation and disclosure in financial statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements ("IFRS 18") which introduces:

- i. new requirements on presentation within the statement of profit or loss;
- ii. disclosure standards regarding management defined performance measures; and
- iii. principles for aggregation and disaggregation of financial information in the financial statements and the notes.

IFRS 18 will be effective for annual reporting periods beginning on or after January 1, 2027 but companies can apply it earlier. IFRS 18 replaces IAS 1. It carries forward many requirements from IAS 1 unchanged. The Company is assessing the impact of the adoption of this standard.

o) Share capital

Common shares

Common shares and warrants are classified as equity. Incremental costs directly attributable to the issue of common shares, including warrants, are recognized as a reduction of equity, net of tax. Prospector uses the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the day prior to the issuance date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded in contributed surplus.

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Notes to the consolidated financial statements For the years ended December 31, 2025 and 2024 (Expressed in Canadian Dollars)

p) Flow-through shares

The Company will, from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as recovery from issuance of flow-through shares. Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

q) Credit on duties refundable for loss and refundable tax credit for resources

The Company is entitled to a credit on duties refundable for loss under the Mining Duties Act and a refundable tax credit for resources under the Quebec Income Tax Act. Those credits are calculated on qualified exploration expenditures incurred in the province of Quebec. Those credits are accounted for using the cost reduction method. Accordingly, they are recorded as a reduction of the related expenses or capital expenditures in the year the expenses are incurred provided there is reasonable assurance that the Company has complied with all the conditions related to those credits and that those credits will be received. The Company is entitled to the British Columbia Mineral Exploration Tax Credit (“BCMETS”) relating to qualifying exploration expenses incurred in the province of British Columbia. Accordingly, BCMETS’s are recorded as a reduction of the related expenses or capital expenditures in the year the expenses are incurred provided there is reasonable assurance that the Company has complied with all the conditions related to those credits and that those credits will be received.

r) Discount for lack of marketability

As a result of option agreement entered into on its Toogood property (Note 4), the Company has made an adjustment to the fair value measurement of financial instruments for its fair value hierarchy. Level 1 of the fair value hierarchy values financial instruments based on quoted prices (unadjusted) in active markets for identical assets or liabilities, adjusted for any applicable discounts, including discounts for lack of marketability where shares are subject to trading restrictions. When a DLOM is applied, the fair value of the shares is determined using an appropriate valuation technique. The resulting fair value is used in calculating the total consideration received.

PROSPECTOR METALS CORP.

Notes to the consolidated financial statements
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4) MINERAL INTERESTS

Acquisition costs

	British Columbia \$	Ontario \$	Quebec \$	Yukon \$	Newfoundland \$	Total \$
Balance December 31, 2023	-	3,393,789	-	-	3,070,000	6,463,789
Acquisition costs:						
Cash payments	-	50,000	-	18,546	59,000	127,546
Share issuances	-	185,000	-	1,844,433	128,333	2,157,766
Impairment	-	(1,210,500)	-	-	(2,430,067)	(3,640,567)
Recovery	-	-	-	-	(25,000)	(25,000)
Balance, December 31, 2024	-	2,418,289	-	1,862,979	802,266	5,083,534
Acquisition costs:						
Share payments received	-	-	-	-	(478,357)	(478,357)
Balance, December 31, 2025	-	2,418,289	-	1,862,979	323,909	4,605,177

Exploration expenditures

During the year ended December 31, 2025, the Company incurred the following exploration expenses:

	British Columbia \$	Ontario \$	Quebec \$	Newfoundland \$	Yukon \$	Total \$
Administration	-	5	-	-	8,829	8,834
Camp costs	-	15,052	-	1,600	1,361,276	1,377,928
Community relations	-	5,000	-	-	-	5,000
Drilling	-	209,849	-	-	1,303,056	1,512,905
Field equipment	-	11,493	-	92	338,329	349,914
Geological consulting	8,513	97,190	5,407	2,488	697,891	811,488
Geophysics	-	28,944	-	-	-	28,944
Property maintenance	2,989	5,665	8,155	475	29,600	46,884
Travel	-	5,037	-	-	139,685	144,722
Government grant	-	(122,045)	-	-	-	(122,045)
Other	-	15,439	-	-	98,969	114,408
Total, December 31, 2025	11,502	271,629	13,562	4,655	3,977,635	4,278,982

PROSPECTOR METALS CORP.

Notes to the consolidated financial statements For the years ended December 31, 2025 and 2024 (Expressed in Canadian Dollars)

During the year ended December 31, 2024, the Company incurred the following exploration expenses:

	British Columbia \$	Ontario \$	Quebec \$	Newfoundland \$	Yukon \$	Total \$
Administration	2,730	-	206	2,601	33,507	39,044
Camp costs	-	35,905	-	600	214,355	250,860
Community relations	-	4,876	-	-	-	4,876
Field equipment	-	-	-	-	51,355	51,355
Geological	52,476	217,151	-	17,493	609,671	896,791
Geophysics	-	284,958	-	-	63,997	348,955
Government grant	-	(52,305)	-	-	-	(52,305)
Property Maintenance	31,583	26,992	6,344	62,011	-	126,930
Travel	-	19,515	-	-	53,906	73,421
Other	-	1,000	-	-	38,457	39,457
Total, December 31, 2024	86,789	538,092	6,550	82,705	1,065,248	1,779,384

a) 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 888,889 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	-	222,222	Issued -
On or before September 20, 2021	-	111,111	Issued -
On or before November 15, 2022	\$50,000	Paid 222,222	Issued \$500,000
On or before November 15, 2023	\$50,000*	222,222*	\$1,000,000*
On or before November 15, 2024	\$50,000*	111,111*	\$500,000*

**Due to termination and mutual release the payments and commitments have been terminated.*

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 222,222 common shares of the Company.

Due to ongoing community issues, the Company has called Force Majeure and as a result has not made the November 15, 2023 payment of cash and shares. The claims have been put on hold by the Ontario Ministry, without any payments required until December 2024.

On April 10, 2024, the Company issued 1,000,000 common shares, for a fair value of \$185,000, and paid \$50,000 to Capella Minerals in relation to the termination and mutual release of the existing earn-in agreement dated September 1, 2020 to acquire 70% interest in the Savant Lake Property. The share issuance and cash payment

PROSPECTOR METALS CORP.

Notes to the consolidated financial statements For the years ended December 31, 2025 and 2024 (Expressed in Canadian Dollars)

give effect to the new property acquisition agreement granting Prospector 100% interest in the Savant Lake Property.

On August 8, 2025, the Company signed a definitive option agreement with with BeMetals Corp. (TSXV: BMET, OTCQB: BMTLF, Frankfurt: IOI.F) (“BeMetals”) to option up to a 100% interest in the Savant Gold Exploration Project. Under the agreement, BeMetals has the exclusive option to earn up to a 100% interest in the Savant Project over a five-year period by meeting certain money-in-the ground focused exploration, and mineral resource discovery-based success payments as follows:

- Initial Commitment: BeMetals will spend at least \$500,000 on exploration within first year of signing the definitive agreement.
- Annual Expenditures: BeMetals must spend \$500,000 annually on exploration, with the option to accelerate spending, for minimum cumulative exploration spending of \$2.5 Million.
- NI 43-101 Technical Report Supported Mineral Resources & Ownership: BeMetals will provide a NI 43-101 compliant Technical Report to support the mineral resources to determine the following ownership criteria:
 - < 500,000 ounces of gold (“oz”): Prospector retains 100% of the Project
 - 500,000 or more oz of gold in the Inferred resource category: a 50/50 joint venture to be formed
 - ≥1,000,000 oz of gold with ≥500,000 in the Indicated resource category: BeMetals acquires 100% ownership of the Project
- Success-Based Payment: BeMetals will pay Prospector US\$5/oz of gold in the mineral resource supported by the Technical Report.
- NSR Royalty: If BeMetals acquires full ownership of the Project, a 0.5% NSR royalty will be granted to Prospector.

b) 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 earned a 100% interest in the Toogood claim group.

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.

McGrath Claim Group Earn-in Agreement:

Prospector earned a 100% interest in the McGrath claim group.

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:

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Notes to the consolidated financial statements For the years ended December 31, 2025 and 2024 (Expressed in Canadian Dollars)

Prospector earned a 100% interest in the Deep Cove claim group.

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 earned a 100% interest in the Virgin claim group.

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	-		44,444	Issued
On or before June 15, 2022	\$50,000	Paid	33,333	Issued
On or before June 15, 2023	\$50,000	Paid	44,444	Issued
On or before June 15, 2024	\$50,000	Paid	66,667	issued

During the year ended December 31, 2024, the Company paid \$50,000 and issued 66,666 common shares relating to the acquisition of Fairbanks mineral property with a fair value of \$11,333.

On September 20, 2024, the Company entered into an option agreement with Toogood Resources Gold Corp. (TSXV: TGC.V) (formerly 1484428 B.C. Ltd.) (“Toogood”) whereby Toogood may earn 100% of the Company’s Toogood Project.

Pursuant to the terms of the option agreement, Toogood is required to make aggregate cash payments of \$25,000 (received), issue shares having an aggregate value of \$900,000 (5,367,000 shares received (Note 5)), and incur an aggregate of \$6,000,000 in exploration expenditures within 60 months.

In addition, Toogood will assume responsibility for all underlying original vendor agreements, including net smelter royalties and milestone payments payable on the Toogood Project.

Virgin Arm Agreement Amendment

In support of the option agreement with Toogood, the fully vested option and net smelter royalty agreement on the Virgin Arm portion of the Toogood Property has been amended to include the issuance of 900,000 additional common shares of the Company (issued during the year ended December 31, 2024, with a fair value of \$117,000) plus additional common shares having an aggregate market value of \$60,000 within 12 months, and eliminate annual prepayments due on a 3% net smelter royalty in exchange for a single cash payment of \$150,000.

During the year ended December 31, 2024, based on the option agreement the Company impaired the Toogood property to a value of \$802,266 (\$900,000 over time at a discounted rate of 6%) which resulted in an impairment on exploration and evaluation assets in the amount of \$2,430,067 during the year ended December 31, 2024.

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Notes to the consolidated financial statements For the years ended December 31, 2025 and 2024 (Expressed in Canadian Dollars)

c) Devon Project, Ontario

On January 19, 2023, the Company acquired a 100% interest in the Devon Ni-Cu-PGE Project in Ontario through staking.

d) Mike Lake, Yukon

On December 29, 2023, Prospector entered into a property purchase agreement to acquire a 100% interest in the ML Property (also known as the Mike Lake Property) from Troilus Gold Corporation (“Troilus”). The ML Property will be acquired from Troilus through a shares-only purchase agreement.

Per the property purchase agreement, Prospector is to provide Troilus with a Milestone Payment within 30 days of the completion of a mineral resource estimate, payable in cash or shares (with certain limitations should this result in Troilus holding over 20% of the issued and outstanding shares of Prospector).

- The Milestone payment shall be \$1,000,000, if Prospector’s Market Capitalization is less than \$20,000,000, or
- \$2 million if Prospector’s Market Capitalization is greater than \$20,000,000.

As the requirement for this contingent payment has not taken place, the Company has not reflected the milestone payment in the Company’s consolidated financial statements.

On March 5, 2024, the Company closed the acquisition. The Company also issued 9,222,164 common shares, with a fair value of \$1,844,433, to Troilus and incurred cash payments of \$18,546.

e) Campbell Lake Gold Project, Ontario

The Company earned a 100% interest in the Campbell Lake gold project.

As of December 31, 2024, the claims for the Campbell Lake Gold project have lapsed. As such, the Company wrote down the carrying value totaling \$748,000 to \$Nil as at December 31, 2024.

f) Whitton Lake Project, Ontario

The Company acquired 100% of the Whitton Lake claim block.

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

g) 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 announced that it has purchased a 100% interest in mineral claims contiguous to Prospector’s newly staked Sable block, part of the Schefferville Gold Project.

Prospector has purchased the claims for \$50,000 cash (paid) and 166,666 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.

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Notes to the consolidated financial statements For the years ended December 31, 2025 and 2024 (Expressed in Canadian Dollars)

As at December 31, 2024, the Schefferville claims are suspended and the Company, along with the Quebec government, is renegotiating a deal to resolve property access issues. During the year ended December 31, 2023, the Company wrote down the property's carrying value to \$Nil.

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 222,222 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.

As at December 31, 2024, the Ashuanipi claims are suspended and the Company, along with the Quebec government, is renegotiating a deal to resolve property access issues. During the year ended December 31, 2023, the Company wrote down the property's carrying value to \$Nil.

On July 4, 2025, the Company entered into an option agreement with Cupani Metals Corp. (CUPA.CN) ("Cupani") whereby Cupani may earn 100% of the Company's Schefferville Project.

Pursuant to the terms of the option agreement, Cupani agreed to pay the following consideration:

- On or before August 23, 2025, pay requisite renewal fees in the amount of \$14,850 and complete a minimum of \$12,150 in exploration work (completed);
- On or before September 18, 2025, pay requisite renewal fees of \$38,115 and complete a minimum of \$31,185 in exploration work (completed);
- Upon exercise of the option by Cupani, grant a 0.5% NSR on all minerals produced from the property, and which can be purchased entirely for a one-time cash payment of \$500,000; and
- Issue 625,000 common share purchase warrants each entitling the holder to acquire one common share of the Cupani at an exercise price of \$0.16 per share, vesting on February 1, 2026 and expiring three years from issuance, exercisable only after February 1, 2026.

On December 5, 2025, the Company received 625,000 common share purchase warrants of Cupani with a fair value of \$86,606 (Note 5). As the Company had no capitalized amounts related to the Schefferville property, the \$86,606 was recorded as a gain on sale of assets in the consolidated statement of loss and comprehensive loss. The fair value for the warrants was estimated using the Black-Scholes model with the following assumptions: share price on grant date of \$0.15; expected dividend yield of 0%; expected annualized volatility of 204%; a risk-free interest rate of 2.63%; and an expected average life of three years.

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Notes to the consolidated financial statements
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5) INVESTMENTS

	Fair value Jan 1, 2024	Additions December 31, 2024	Disposals December 31, 2024	Realized and unrealized gain December 31, 2024	Fair value December 31, 2024
Common shares	\$ 68,262	\$ -	\$ (65,421)	\$4,890	\$7,731

	Fair value Jan 1, 2025	Additions December 31, 2025	Disposals December 31, 2025	Realized and unrealized gain December 31, 2025	Fair value December 31, 2025
Common shares	\$ 7,731	\$ 478,357	\$ -	\$334,850	\$820,939
Common share purchase warrants	-	\$86,606	\$-	\$-	\$86,606
Total	\$7,731	\$564,963	\$-	\$334,850	\$907,545

During the year ended December 31, 2025, the Company received 5,367,000 shares in Toogood (Note 4) with the first 2,000,000 becoming free-trading on December 27, 2025, and the remaining shares becoming free-trading between June 27, 2026 and January 11, 2027. As a result of the restriction periods on certain of the shares, Prospector applied a DLOM ranging between 4.0% and 22.6% to the five remaining tranches. Prospector did not apply a DLOM on the first 2,000,000 shares because they became free trading on December 27, 2025. The fair value of the shares was determined to be \$478,357 after applying the DLOM to the closing price of Toogood's common shares upon receipt by the Company. Once a tranche becomes free-trading, the DLOM on that tranche will be removed and those shares will be valued without a DLOM.

During the year ended December 31, 2025, the Company received 625,000 common share purchase warrants of Cupani with a fair value of \$86,606. There was no change to the fair value of the common share purchase warrants as at December 31, 2025.

During the year ended December 31, 2024, the Company disposed of investments with a cost base of \$52,800 for proceeds of \$65,421 and recognized a gain on disposal of \$12,621.

6) SHARE CAPITAL AND RESERVES

(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 December 31, 2025 the Company has 149,956,232 (2024 – 57,250,703) common shares issued and outstanding.

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Notes to the consolidated financial statements For the years ended December 31, 2025 and 2024 (Expressed in Canadian Dollars)

Preferred shares – At December 31, 2025 and December 31, 2024 no preferred shares were issued and outstanding.

Year ended December 31, 2025:

Shares issued for private placement

In May 2025, the Company closed non-brokered private placements raising total gross proceeds to the Company of \$5,735,350. The first tranche consisting of 25,974,026 charity flow-through units offered at a price of \$0.154, 1,000,000 flow-through units at a price of \$0.154 and 10,148,631 non-flow through units at a price of \$0.11. The second tranche consisted of 4,227,272 non-flow through units a price of \$0.11. A premium was received for the charity flow-through units and flow-through units resulting in an initial liability of \$1,186,857 (Note 9).

Each charity flow-through units and flow-through units is comprised of one flow-through common share and one half of one non-flow-through common share purchase warrant and each non-flow through units are comprised of one common share and one half of one non-flow-through common share purchase warrant (each whole warrant, a “Warrant”). Each Warrant is exercisable at a price of \$0.30 into one common share for a period of two years from the date of issuance.

In connection with the closing of the non-brokered private placement, the Company paid cash finders’ fees totaling \$228,584 and issued 1,558,654 finders’ warrants priced at \$0.30. Each finders’ warrant is exercisable for 2 years from the date of issue. The fair value of \$122,454 for the finders’ warrants was estimated using the Black-Scholes model with the following assumptions: share price on grant date of \$0.14; expected dividend yield of 0%; expected annualized volatility of 141.28%; a risk-free interest rate of 2.53%; and an expected average life of two years.

In November 2025, the Company closed a private placement of an aggregate of 39,054,190 common shares for gross proceeds of \$38,047,564 comprised of 5,500,000 flow-through common shares at a price of \$1.00 per flow-through share and 33,554,190 non-flow-through common shares at a price of \$0.97 per non-flow-through share. A premium was received for the flow-through common shares resulting in an initial liability of \$165,000 (Note 9).

During the year ended December 31, 2025 there were 11,865,410 warrants exercised for gross proceeds of \$3,588,668 with an average exercise price of \$0.30 per warrant. There was also 436,000 options exercised for gross proceeds of \$109,530 with an average exercise price of \$0.25 per option.

Year ended December 31, 2024:

Shares issued for property acquisition (Note 4)

On March 5, 2024, the Company issued 9,222,164 common shares relating to the acquisition of the ML property, with a fair value of \$1,844,433.

On April 10, 2024, the Company issued 1,000,000 shares relating to the acquisition of the Savant Lake gold property with a fair value of \$185,000.

On June 7, 2024, the Company issued 66,666 shares relating to the acquisition of the Fairbanks property with a fair value of \$11,333.

On October 25, 2024, the Company issued 900,000 shares relating to the Virgin Arm amendment with a fair value of \$117,000.

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Notes to the consolidated financial statements For the years ended December 31, 2025 and 2024 (Expressed in Canadian Dollars)

Shares issued for private placement

On March 5, 2024, the Company closed a non-brokered private placement for gross proceeds of \$2,000,000. In connection with the private placement, the Company issued 9,090,909 units at a price of \$0.11 per unit and 6,666,666 units at a price of \$0.15 per unit. Each unit consists of one common share and one half of one common share purchase warrant. Each warrant is exercisable into one common share 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 paid cash finders' fees totaling \$31,426 and issued 246,674 finders' warrants. Each finders' warrant is exercisable to purchase one common share at a price of \$0.30 per common share for two years from the date of issue. The fair value of \$29,115 for the warrants was estimated using the Black-Scholes model with the following assumptions: share price on grant date of \$0.20; expected dividend yield of 0%; expected annualized volatility of 132%; a risk-free interest rate of 3.93%; and an expected average life of two years.

On May 21, 2024, the Company closed a non-brokered private placements consisting of 3,571,430 charity flow-through units ("Charity FT") offered at a price of \$0.21 per Charity FT unit for gross proceeds to the Company of \$750,000, a premium was received for the flow-through shares resulting in an initial liability of \$178,572 (Note 9). Each Charity FT unit consists of one flow-through common shares and one half of one non-flow-through common share purchase warrant. Each warrant will be exercisable at a price of \$0.30 into one common share for a period of one year from the date of issuance.

In connection with the private placement, the Company paid cash finders' fees totaling \$17,400 and issued 116,000 finders' warrants. Each finders' warrant is exercisable to purchase one common share at a price of \$0.30 per common share for one year from the date of issue. The fair value of \$9,122 for the warrants was estimated using the Black-Scholes model with the following assumptions: share price on grant date of \$0.16; expected dividend yield of 0%; expected annualized volatility of 172%; a risk-free interest rate of 4.24%; and an expected average life of one year.

On July 4, 2024, the Company completed a strategic investment by B2Gold Corp which subscribed an aggregate of 5,578,720 common shares of the Company at a price of 0.16 per share for gross proceeds to the Company of \$909,331. In connection with the non-brokered private placement, the Company paid share issuance fees totaling \$18,815.

(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.

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

	December 31, 2025		December 31, 2024	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at beginning of year	5,043,646	\$0.64	2,077,548	\$1.62
Granted	3,560,000	\$0.24	3,400,000	\$0.20
Expired/Cancelled	(1,091,660)	\$1.23	(433,902)	\$1.92
Exercised	(436,000)	\$0.25	-	-
Outstanding at end of year	7,075,986	\$0.37	5,043,646	\$0.64

As at December 31, 2025, 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)
May 20, 2026	116,664	\$2.04	0.38
August 3, 2026	55,555	\$3.78	0.58
October 8, 2026	74,998	\$2.34	0.77
April 21, 2027	172,221	\$1.86	1.30
December 1, 2027	11,110	\$1.80	1.91
March 27, 2028	455,438	\$0.63	2.23
March 11, 2029	300,000	\$0.22	3.18
June 14, 2029 ⁽¹⁾	2,695,000	\$0.20	3.44
February 25, 2030	520,000	\$0.18	4.16
June 13, 2030	2,475,000	\$0.25	4.45
September 1, 2030	200,000	\$0.27	4.67
	7,075,986	\$0.37	3.64

(1) Subsequent to December 31, 2025, 80,000 share purchase options were exercised.

The following weighted-average grant date assumptions were used in valuing share purchase options granted during the years ended December 31, 2025 and 2024. 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.

	December 31, 2025	December 31, 2024
Weighted average share price	\$0.20	\$0.17
Weighted average exercise price	\$0.24	\$0.20
Weighted average fair value per option	\$0.17	\$0.15
Risk-free interest rate	2.92%	3.32%
Expected volatility ⁽¹⁾	130%	144%
Expected years of option life ⁽²⁾	5	5
Expected dividends	Nil	Nil

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- (1) The volatility was calculated using the Company's historical information.
(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 December 31, 2025 the Company had outstanding and exercisable share purchase warrants entitling the holders to acquire common shares as follows:

	December 31, 2025		December 31, 2024	
	Number of warrants	Weighted Average Exercise Price	Number of warrants	Weighted Average Exercise Price
Balance, beginning of year	10,910,934	\$0.36	1,522,587	\$1.74
Granted	22,233,613	\$0.30	10,027,157	\$0.30
Expired	(999,777)	\$0.97	(668,810)	\$2.65
Exercised	(11,865,410)	\$0.30	-	-
Balance, end of year	20,279,360	\$0.30	10,910,934	\$0.36

As at December 31, 2025, 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)
March 5, 2026 ⁽¹⁾	1,369,474	\$0.30	0.17
March 5, 2026 ⁽¹⁾	3,333,325	\$0.30	0.17
March 5, 2026 ⁽¹⁾	20,946	\$0.30	0.17
May 21, 2026 ⁽¹⁾	1,135,711	\$0.30	0.38
May 15, 2027 ⁽¹⁾	13,705,855	\$0.30	1.37
May 15, 2027 ⁽¹⁾	712,049	\$0.30	1.37
Balance	20,279,360	\$0.30	

(1) Subsequent to December 31, 2025, 8,242,718 warrants were exercised.

7) RELATED PARTY TRANSACTIONS

The Company's related parties consist of its key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly, and consist of its directors, the Chief Executive Officer, and the Chief Financial Officer. Related party transactions not otherwise disclosed in these consolidated financial statements are:

	December 31, 2025		December 31, 2024	
Consulting fees	\$	718,000	\$	441,558
Professional fees		107,000		49,500
Share-based compensation		353,349		387,793
	\$	1,178,349	\$	878,851

*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.

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Due to/from related parties

As at December 31, 2025, the amount due from related parties is \$15,717 (2024 – \$Nil).

8) SEGMENT INFORMATION

- (a) The Company operates in one industry segment (Note 1).
- (b) At December 31, 2025 and 2024, the Company's exploration and evaluation assets were located in four provinces and one territory (Note 4).

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

9) 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, 2023	\$ 202,790
Liability incurred on flow-through shares	178,572
Settlement of flow-through share liability on incurring expenditures	(366,371)
Balance at December 31, 2024	\$ 14,991
Liability incurred on flow-through shares	1,351,857
Settlement of flow-through share liability on incurring expenditures	(1,015,389)
Balance at December 31, 2025	\$ 351,459

On May 21, 2024, the Company closed a non-brokered private placement consisting of 3,571,430 charity flow-through units offered at a price of \$0.21 per Chairty FT unit for gross proceeds to the Company of \$750,000. In connection with the private placement closed, a premium was received for the flow-through shares resulting in an initial liability of \$178,572.

In May 2025, the Company closed a non-brokered private placement consisting of 26,974,026 flow-through units at a price of \$0.154 per FT Unit for aggregate gross proceeds of \$4,154,000. In connection with the private placement, a premium was received for the flow-through shares based on the difference between the subscription price and the market price of \$0.11 per share, resulting in an initial flow-through share liability of \$1,186,857. The Company has committed to incur eligible Canadian exploration expenditures of \$4,154,000 by December 31, 2026.

In November 2025, the Company closed a non-brokered private placement consisting of 5,500,000 flow-through units at a price of \$1.00 per FT unit for aggregate gross proceeds of \$5,500,000. In connection with the private placement, a premium was received for the flow-through shares based on the difference between the subscription

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price and the market price of \$0.97 per share, resulting in an initial flow-through share liability of \$165,000. The Company has committed to incur eligible Canadian exploration expenditures of \$5,500,000 by December 31, 2026.

The flow-through share liability is amortized to the statement of loss and comprehensive loss based on the percentage of eligible expenditures incurred during the year relative to the total commitment. During the year ended December 31, 2025, the Company incurred eligible expenditures of \$3,564,355 (2024 – \$1,096,340) and recognized \$1,015,389 (2024 – \$366,371) in the statement of loss and comprehensive loss. Included in the 2025 expenditures is the fulfillment of the remaining \$62,960 obligation carried forward from the year ended December 31, 2024

As at December 31, 2025, the Company has a remaining obligation to incur eligible Canadian exploration expenditures of \$6,152,605 by December 31, 2026, and a corresponding flow-through share liability of \$351,459.

10) SUPPLEMENTAL CASH FLOW INFORMATION

During the year ended December 31, 2025, the Company entered into the following non-cash transactions:

- The Company recognized \$1,186,857 in flow-through premium liability as a result of the issuance of 26,974,026 flow-through units in relation to the closing of a private placement in May 2025.
- The Company recognized \$165,000 in flow-through premium liability as a result of the issuance of 5,500,000 flow-through units in relation to the closing of a private placement in November 2025.
- The Company recognized \$122,454 in share issuance costs related to the 1,558,654 finders' warrants issued in connection with private placements.
- The Company reclassified \$80,600 from reserves to share capital on the exercise of 436,000 share purchase options
- The Company reclassified \$93,150 from reserves to share capital on the exercise of 11,865,410 warrants
- The Company received shares of Toogood valued at \$478,357 in relation to the option agreement on the Company's Toogood property
- The Company paid \$Nil in interest and taxes.

During the year ended December 31, 2024, the Company entered into the following non-cash transactions:

- The Company recognized \$178,572 in flow-through premium liability as a result of the issuance of 3,571,430 flow-through units in relation to the closing of a private placement.
- The Company recognized \$2,157,766 in mineral interest acquisition costs related to 11,188,830 common shares issued for exploration and evaluation assets (Note 4).
- The Company recognized \$38,237 in share issuance costs related to the 362,674 finders' warrants issued in connection with private placements.
- The Company paid \$Nil in interest and taxes.

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

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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.

Investments are carried at fair value using a Level 1 fair value measurement. The recorded values of cash and cash equivalents, amounts 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 and cash equivalents are 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.

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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. The Company's investments are exposed to market risk however management believes the risk is not currently significant.

13) INCOME TAXES

The income tax provision recorded differs from the income tax obtained by applying the statutory income tax rate of 27% (2024 – 27%) to the income for the year and is reconciled as follows:

	Year Ended Dec 31, 2025	Year Ended Dec 31, 2024
Loss before income taxes	(5,215,301)	(6,860,957)
Statutory Canadian federal and provincial tax rates	27%	27%
Expected tax (recovery)	(1,408,000)	(1,852,000)
Change in statutory, foreign tax, foreign exchange rates and other	(66,000)	47,000
Permanent differences	(142,000)	45,000
Impact of flow-through shares	962,000	301,000
Share issue cost	(62,000)	(10,000)
Adjustment to prior years provision versus statutory tax returns	(8,000)	(9,000)
Change in unrecognized deductible temporary differences	724,000	1,478,000
Deferred income tax expense (recovery)	-	-

The tax effects on the temporary differences that give rise to the Company's deferred tax assets and liabilities are as follows:

	2025	2024
Non-capital losses	\$ 5,392,000	\$ 4,891,000
Property and Equipment	64,000	60,000
Share issuance costs	71,000	41,000
Allowable Capital losses	32,000	32,000
Marketable securities	1,000	46,000
Exploration and evaluation assets	4,792,000	4,548,000
	10,352,000	9,618,000
Unrecognized deferred tax assets	(10,352,000)	(9,618,000)
Net deferred tax liability	\$ -	\$ -

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have been included on the statement of financial position are as follows:

	2025	Expiry Date Range	2024	Expiry Date Range
Temporary differences				
Exploration and evaluation assets	17,146,000	No expiry date	16,258,000	No expiry date
Investment tax credit	170,000	2031 to 2033	170,000	2031 to 2033

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Marketable securities	(81,000)	No expiry date	340,000	No expiry date
Property and Equipment	238,000	No expiry date	224,000	No expiry date
Share issuance costs	262,000	2044 to 2049	152,000	2044 to 2048
Allowable Capital losses	119,000	No expiry date	119,000	No expiry date
Non-capital losses	19,968,000	2027 to 2045	18,112,000	2027 to 2044

14) SUBSEQUENT EVENTS

Subsequent to the year ended December 31, 2025, 80,000 share purchase options were exercised for \$16,000 proceeds.

Subsequent to the year ended December 31, 2025, 8,242,718 warrants were exercised for \$2,472,815 proceeds.

Subsequent to the year ended December 31, 2025, the Company issued 450,000 stock options to consultants at an exercise price of \$1.22 expiring March 17, 2031.

On March 17, 2026, subsequent to the year ended December 31, 2025, the Company granted 1,540,000 restricted share units to consultants and employees expiring on September 17, 2027 with 50% vesting on March 17, 2027 and 50% on expiry. The Company also granted 2,400,000 deferred share units to officers and directors.

On April 15, 2026, subsequent to the year ended December 31, 2025, the Company entered into a definitive agreement with BeMetals Corp. ("BeMetals") to sell its Savant, Devon, Whitton (Ontario), and TooGood (Newfoundland) mineral properties in exchange for 29,400,000 post-consolidation common shares of BeMetals, representing 49.9% of BeMetals' issued and outstanding shares. Prior to closing, BeMetals will consolidate its shares on a 10:1 basis and change its name to Lightning Resource Corp.