PROSPECTOR Metals Corp.

PROSPECTOR METALS CORP.

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

Expressed in Canadian dollars

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, 2023 and 2022, 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, 2023 and 2022, 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.

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. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on 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 financial statements of the current period. These matters were addressed in the context of our audit of the 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 $6,463,789 as of December 31, 2023. 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.
- Assessing compliance with agreements and expenditure requirements including reviewing option agreements and vouching cash payments and share issuances.
- Assessing the Company's rights to explore E&E Assets including sending confirmation requests to optionors to ensure good standing of agreements.
- 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.
- 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 ended 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 Stephen Hawkshaw.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

April 26, 2024

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

	Note(s)		December 31, 2023		December 31, 2022
ASSETS					
Current assets:					
Cash and cash equivalents		$	460,002	$	887,341
Accounts receivable	5		427,897		303,988
Investments	6		68,262		1,758,867
Prepaid expenses			305,083		351,234
Total current assets			1,261,244		3,301,430
Non-current assets:					
Bond			37,500		37,500
Exploration and evaluation assets	4		6,463,789		7,757,034
Property, plant and equipment			41,079		68,038
Total assets		$	7,803,612	$	11,164,002
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	8	$	199,693	$	624,402
Flow-through share premium	11		202,790		69,033
Promissory note payable	8		101,625		-
Total current liabilities			504,108		693,435
SHAREHOLDERS' EQUITY					
Share capital	7		48,289,476		47,447,312
Reserves	7		8,758,936		8,464,428
Deficit			(49,748,908)		(45,441,173)
Total shareholders' equity			7,299,504		10,470,567
Total liabilities and shareholders' equity		$	7,803,612	$	11,164,002

Nature of operations (Note 1)
Subsequent events (Note 15)

Approved by the Board of Directors and authorized for issue on April 26, 2024.

"Andrew Rockandel" Director

"Ian Parkinson" 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 in Canadian Dollars)

	Note	2023	2022
Expenses			
Consulting fees	8	$ (538,570)	$ (978,111)
Depreciation expense		(26,959)	(21,823)
Exploration and project evaluation	4	(1,152,736)	(4,335,167)
Investor relations		(226,618)	(377,713)
Listing and filing fees		(43,270)	(86,159)
Office and administrative		(241,365)	(377,040)
Professional fees		(246,585)	(243,930)
Rent		(27,907)	(32,890)
Share-based compensation	7, 8	(276,536)	(404,679)
Travel		(111,865)	(87,537)
Loss before the undernoted		(2,892,411)	(6,945,049)
Other income (expenses)			
Change in fair value of investments	6	208,877	(659,390)
Foreign exchange loss		(1,299)	(3,698)
Interest income		30,434	34,933
Other income from settlement of flow-through liability	11	216,806	753,566
Impairment of exploration and evaluation asset	4	(1,717,912)	(527,500)
Write-off of amounts receivable	5	(152,230)	(238,059)
Other income	11	-	17,378
Loss and comprehensive loss for the year		$ (4,307,735)	$ (7,567,819)
Basic and diluted loss per common share		$ (0.21)	$ (0.42)
Weighted average number of common shares outstanding – basic and diluted		20,503,562	17,991,820

- 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, 2023 and 2022
(Expressed in Canadian Dollars)

	Share Capital (Note 7)				
	Number of shares	Amount	Reserves	Deficit	Total shareholders' equity
Balance, December 31, 2021	**16,015,582**	**$ 42,966,960**	**$ 7,871,449**	**$ (37,873,354)**	**$ 12,965,055**
Shares issued for property acquisition	1,416,661	1,635,489	-	-	1,635,489
Shares issued for private placements	1,795,966	3,144,471	188,300	-	3,332,771
Share-based compensation	-	-	404,679	-	404,679
Flow-through premium	-	(299,608)	-	-	(299,608)
Loss for the year	-	-	-	(7,567,819)	(7,567,819)
Balance, December 31, 2022	**19,228,209**	**$ 47,447,312**	**$ 8,464,428**	**$ (45,441,173)**	**$ 10,470,567**
Balance, December 31, 2022	**19,228,209**	**$ 47,447,312**	**$ 8,464,428**	**$ (45,441,173)**	**$ 10,470,567**
Shares issued for property acquisition	377,778	104,667			104,667
Shares issued for private placements	1,548,171	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)
Loss for the year	-	-	-	(4,307,735)	(4,307,735)
Balance, December 31, 2023	**21,154,158**	**$ 48,289,476**	**$ 8,758,936**	**$ (49,748,908)**	**$ 7,299,504**

- 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 in Canadian Dollars)

	Note(s)	**2023**	2022
Cash flows from operating activities:			
Loss for the year		**$ (4,307,735)**	(7,567,819)
Items not affecting cash:			
Depreciation expense		**26,959**	21,823
Change in fair value of investments	6	**(208,877)**	659,390
Other income from settlement of flow-through liability	11	**(216,806)**	(753,566)
Share-based compensation	7	**276,536**	404,679
Impairment of exploration and evaluation asset	4	**1,717,912**	527,500
Write-off of amounts receivable	5	**152,230**	238,059
Changes in non-cash working capital:			
Accounts payable and accrued liabilities		**(424,709)**	129,081
Amounts receivable		**(276,139)**	2,487
Prepaid expenses		**46,151**	81,882
Net cash used in operating activities		**(3,214,478)**	**(6,256,484)**
Cash flows from investing activities:			
Acquisition of mineral properties	4	**(320,000)**	(260,000)
Acquisition of property, plant and equipment		**-**	(89,861)
Proceeds on sale of investments	6	**1,899,482**	602,524
Net cash provided by (used in) investing activities		**1,579,482**	**252,663**
Cash flows from financing activities:			
Proceeds from private placements	7	**1,140,130**	3,461,771
Promissory note	8	**101,625**	-
Share issuance costs	7	**(34,098)**	(129,000)
Net cash provided by financing activities		**1,207,657**	**3,332,771**
Net change in cash and cash equivalents		**(427,339)**	(2,671,050)
Cash and cash equivalents, beginning of the year		**887,341**	3,558,391
Cash and cash equivalents, end of the year		**$ 460,002**	**887,341**
Cash and cash equivalents consisted of:			
Cash deposited with a Canadian Senior Bank		**$ 141,543**	517,506
Term deposits and guaranteed investment certificates issued		**318,459**	369,835
		$ 460,002	887,341

Supplemental Cash Flow Information (Note 9)

- The accompanying notes are an integral part of these 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. The Company is trading on the TSX Venture Exchange under the ticker symbol PPP. Its registered office is located at Suite 1012 – 1030 W Georgia St., Vancouver, BC, V6E 2Y3. The Company's principal business activities are the identification, exploration and development of economically viable mineral properties.

As at December 31, 2023, the Company had current assets of $1,261,244 (December 31, 2022 - $3,301,430) to settle current liabilities of $504,109 (December 31, 2022 - $693,435), leaving the company with working capital of $757,135 (December 31, 2022 - $2,607,995).

During the year ended December 31, 2023, the Company consolidated its shares on the basis of one post-consolidation common share for each three pre-consolidation common shares. All common shares, stock options, warrants, and per share amounts have been retroactively restated.

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 Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements were approved by the Board of Directors on April 26, 2024.

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.

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 POLICIY INFORMATION

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.

b) 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.

c) 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.

d) 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.

e) 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.

f) 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

g) 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”).

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.

h) 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 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 ("FVTOCI") – 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
Accounts receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Promissory note payable	Amortized cost
Bond	Amortized cost

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.

i) 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.

j) 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.

k) 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.

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.

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.

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

There are no new accounting pronouncements that would have a significant effect on the consolidated financial statements.

m) 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.

n) 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.

(Expressed in Canadian Dollars)

o) 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 ("BCMETC") relating to qualifying exploration expenses incurred in the province of British Columbia. Accordingly, BCMETC'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.

4) MINERAL INTERESTS

Acquisition costs

	British Columbia $	Ontario $	Quebec $	Newfoundland $	**Total $**
Balance, Dec 31, 2021	836,500	2,100,400	1,084,145	2,368,000	**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	338,000	3,649,556	1,104,145	2,665,333	**7,757,034**
Acquisition costs:					
Cash payments	-	-	-	320,000	**320,000**
Share issuances	20,000	-	-	84,667	**104,667**
Impairment	(358,000)	(255,767)	(1,104,145)	-	**(1,717,912)**
Balance, December 31, 2023	-	3,393,789	-	3,070,000	**6,463,789**

(Expressed in Canadian Dollars)

Exploration expenditures

During the year ended December 31, 2023, the Company incurred the following exploration expenses:

	British Columbia	Ontario	Quebec	Newfoundland	Other	**Total**
	$	$	$	$	$	**$**
Administration	26,420	104,087	8,778	9,040	85	**148,410**
Assays	694	89,850	6,400	-	887	**97,831**
Camp costs	-	216,221	990	4,953	3,037	**225,201**
Community relations	-	-	-	-	-	**-**
Drilling	-	169,001	6,007	-	-	**175,008**
Field equipment	-	1,713	-	-	-	**1,713**
Geological consulting	74,467	466,760	30,648	52,262	4,076	**628,213**
Geophysics	69,500	-	-	-	-	**69,500**
Property maintenance	34,278	32,063	15,114	1,300	-	**82,755**
Travel	-	15,704	-	-	1,439	**17,143**
Government grant	-	(310,414)	-	-	**-**	**(310,414)**
Other	-	14,372	294	2,710		**17,376**
	205,359	799,357	68,231	70,265	9,524	**1,152,736**

During the year ended December 31, 2022, the Company incurred the following exploration expenses:

	British Columbia	Ontario	Quebec	Newfoundland	**Total**
	$	$	$	$	**$**
Administration	13,101	49,393	19,244	33,126	**114,864**
Assays	1,725	95,153	26,749	180,722	**304,349**
Camp costs	16,688	194,850	494,875	246,193	**952,606**
Community relations	-	-	200	600	**800**
Drilling	-	-	-	440,738	**440,738**
Field equipment	-	20,573	-	20,600	**41,173**
Geological consulting	123,459	574,226	550,746	756,284	**2,004,715**
Geophysics	-	90,895	142,680	42,227	**275,802**
Property maintenance	500	30,573	51,076	3,000	**85,149**
Travel	991	13,026	72,158	28,796	**114,971**
	156,464	1,068,689	1,357,728	1,752,286	**4,335,167**

(Expressed in Canadian Dollars)

a) Perk-Rocky Project, British Columbia

On May 10, 2019, the Company entered into an option agreement to acquire a 100% interest in the Perk-Rocky project located 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 322,222 common shares of the Company.

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

b) Gaffney, BC

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

	Cash		**Shares**	
Within five days of the execution date	$15,000	Paid	-	
Within five days of TSX Venture acceptance	-		66,667	Issued
On or before October 1, 2021	-		66,667	Issued
On or before October 1, 2022	-		66,667	Issued
On or before October 1, 2023	-		66,667	Issued

During the year ended December 31, 2022, 66,667 shares were issued with a fair value of $29,000 in relation to the Gaffney Property earn-in agreement.

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.

During the year ended December 31, 2023, 66,667 shares were issued with a fair value of $20,000, in relation to the Gaffney Property earn-in agreement. The Company subsequently terminated the earn-in agreement on the Gaffney project and wrote down the carrying value of the project totaling $358,000 to $Nil as at December 31, 2023.

c) Fuchsite Lake, Ontario

On August 5, 2020, the Company staked the Fuchsite Lake claim block ("Fuchsite Lake Gold Project") in the province of Ontario. Staking costs of $9,100 are included in mineral property acquisition costs.

(Expressed in Canadian Dollars)

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

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

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

* On September 1, 2021, an amendment was made to the property option agreement. The cash payment of $75,000 and 500,000 Cross River common shares, previously due on September 3, 2021, is now due on or before December 3, 2021.

As at December 31, 2023, Cross River is insolvent and the Company has exhausted all efforts to collect consideration. As such, the Company wrote down the carrying value of the project totaling $9,100 to $Nil as at December 31, 2023.

d) Savant Lake, Ontario

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

The Company can earn a 70% interest in the Savant Lake property by paying the optionor a total of $200,000 in cash, issuing 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	Met
On or before November 15, 2023	$50,000		222,222		$1,000,000	
On of before November 15, 2024	$50,000		111,111		$500,000	

(Expressed in Canadian Dollars)

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.

During the year ended December 31, 2022, the Company issued 222,222 common shares in accordance with the Savant Lake property earn-in agreement with a fair value of $90,000 and paid $50,000 in cash. 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.

e) Campbell Lake Gold Project, Ontario

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

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

	Cash		**Shares**	
Within five days of the execution date	$10,000	Paid	-	
Within five days of TSX Venture acceptance	-		66,667	Issued
Within five days of an airborne geophysics survey date	-		66,667	Issued
On or before October 6, 2021	-		66,667	Issued
On or before October 6, 2022	-		200,000	Issued

There are no work commitments.

f) Fairchild Lake Project, Ontario

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

	Cash		**Common Shares**	
Within five days of the execution date	$5,000	Paid	-	
Within five days of TSX-V approval	-		55,556	Issued
On or before November 1, 2021	-		55,556	Issued
On or before August 1, 2022	-		55,556	Issued

During the year ended December 31, 2022, the Company issued 55,556 common shares related to the earn in agreement on the Fairchild Lake Project with a fair value of $26,667.

As of December 31, 2023, the claims for the Fairchild property have lapsed. As such, the Company wrote down the carrying value totaling $246,667 to $Nil as at December 31, 2023.

(Expressed in Canadian Dollars)

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

On March 7, 2021, the Company entered into an earn-in agreement under which the Company may acquire a 100% interest in the 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	-		222,222	Issued
Within 12 months of signing the earn-in agreement	-		222,222	Issued
Within 24 months of signing the earn-in agreement	-		222,222	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 444,439 common shares with a fair value of $919,988 to acquire 100% of the Whitton Lake claim block.

h) Bassano, Quebec

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

The Company can earn a 100% in the Bassano project by paying the optionor a total of $200,000 in cash, 388,889 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	-		11,111	Issued	-
November 15, 2021	$50,000	Paid	22,222	Issued	$125,000
November 15, 2022	$20,000*	Paid	-		$125,000
May 15, 2023	$30,000*		44,444		$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 year ended December 31, 2022, the Company amended the Bassano earn-in agreement whereby:

a. The second anniversary payment of $50,000 and 44,444 common shares were amended to be $20,000 in cash only;
b. The third anniversary payment of $50,000 and 88,889 common shares were amended to be $30,000 in cash, and 44,444 common shares on or before May 15, 2023; and
c. The fourth anniversary payment of $nil in cash and 222,222 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.

As at December 31, 2023, the Bassano claims are suspended and the Company is renegotiating a new option agreement and exploration commitment schedule. The Company has written down the property's carrying value totaling $191,500 to $Nil as at December 31, 2023.

i) 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.

As at December 31, 2023, the Schefferville claims are suspended and the Company, along with the Quebec government, is renegotiating a deal to resolve property access issues. The Company has written down the property's carrying value totaling $552,645 to $Nil as at December 31, 2023.

<u>Schefferville Ashuanipi Property</u>

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, 2023, the Ashuanipi claims are suspended and the Company, along with the Quebec government, is renegotiating a deal to resolve property access issues. The Company has written down the property's carrying value totaling $360,000 to $Nil as at December 31, 2023.

j) Toogood Project

On December 22, 2020, Prospector announced that it has entered into two earn-in agreements under which Prospector may earn a 100% interest in the 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 will be collectively referred to as the Toogood Project.

<u>Toogood Claim Group Earn-in Agreement:</u>

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

- Cash payment of $25,000 on signing (paid)
- 277,778 shares on TSXV approval of the entrance into the earn-in agreement (issued)
- 277,778 shares 12 months following signing (issued).

(Expressed in Canadian Dollars)

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

In February 2021, a finder's fee of 11,111 shares was issued in respect of the Toogood claim group transaction.

McGrath Claim Group Earn-in Agreement:

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

- 88,889 shares on TSXV approval of the entrance into the earn-in agreement (issued)
- 88,889 shares 12 months following signing (issued)

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

Deep Cove Claim Group Earn-in Agreement:

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

	Cash		Shares		Work Commitment
Within five days of the execution date	$65,000	Paid	-		-
Within five days of TSX Venture	-		66,667	Issued	-
On or before October 29, 2021	$45,000	Paid	66,667	Issued	$100,000
On or before October 29, 2022	$50,000	Paid	88,889	Issued	$100,000
On or before October 29, 2023	$120,000	Paid	133,333	Issued	$100,000

During the year ended December 31, 2022, the Company paid $50,000 and issued 88,889 common shares with a fair value of $36,667 as part of the earn-in agreement on the Deep Cove property.

During the year ended December 31, 2023, the Company paid $120,000 and issued 133,333 common shares with a fair value of $36,000 as part of the earn-in agreement on the Deep Cove property.

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 by making the following cash and share payments:

	Cash		Shares	
Within five days of the execution date	$60,000	Paid	-	
Within five days of TSX Venture	-		44,444	Issued
On or before October 29, 2021	$75,000	Paid	66,667	Issued
On or before October 29, 2022	$90,000	Paid	88,889	Issued
On or before October 29, 2023	$150,000	Paid	133,333	Issued

During the year ended December 31, 2023, the Company paid $150,000 and issued 133,333 common shares with a fair value of $36,000 as part of the earn-in agreement on the Virgin Arm property.

(Expressed in Canadian Dollars)

During the year ended December 31, 2022, Prospector paid $90,000 and issued 88,889 common shares related to the Virgin Arm property valued at $36,667.

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		66,667	

During the year ended December 31, 2023, the Company paid $50,000 and issued 44,444 common shares relating to the acquisition of Fairbanks mineral property with a fair value of $12,667 (December 31, 2022 – paid $50,000 and issued 33,333 common shares with a fair value of $34,000).

k) Leopard Lake, Ontario

On May 25, 2022, the Company acquired 100% interest in the Leopard Lake Property for 416,667 shares of the Company. There are no cash payments, work commitments, or royalties.

During the year ended December 31, 2022, the Company issued 416,667 shares with a fair value of $462,500.

5) ACCOUNTS RECEIVABLE

	December 31, 2023	December 31, 2022
GST receivable	$ 74,123	$ 157,660
QST receivable	-	146,328
Claims acquisition refund – Quebec	103,360	-
OJEP government grant – Ontario	250,414	-
Balance	$ 427,897	$ 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 December 31, 2023	Disposals December 31, 2023	Fair value adjustment December 31, 2023	Fair value December 31, 2023
Common shares	$1,758,867	$ -	$ (1,899,482)	$ 208,877	$ 68,262

7) SHARE CAPITAL

During the year ended December 31, 2023, the Company consolidated it shares on the basis of one post-consolidation common share for each three pre-consolidation common shares. All common shares, stock options, warrants, 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 December 31, 2023 the Company had 21,154,158 (December 31, 2022 – 19,228,209) common shares issued and outstanding.

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

<u>Year ended December 31, 2023:</u>

<u>Shares issued for property acquisition (Note 4)</u>

On June 14, 2023, the Company issued 44,444 shares relating to the acquisition of the Fairbanks mineral property with a fair value of $12,667.

On October 1, 2023, the Company issued 66,667 shares relating to the acquisition of the Gaffney mineral property with a fair value of $20,000.

On October 27, 2023, the Company issued 266,667 shares relating to the acquisition of the Deep Cove and Virgin Arm mineral properties with a total fair value of $72,000.

<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 $0.84 per Charity FT Unit and Ontario flow-through units (the “ON FT Units”) offered at a price of $0.63 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 1,548,171 flow-through units with each flow-through unit being comprised of one flow-through share (the “FT Share”) and one half of one common share purchase warrant (each whole warrant, a “Warrant”). Each Warrant is exercisable into one common share of the Company at an exercise price of $0.90 for a period of two years from the date of issue.

In connection with the private placement, the Company issued 54,138 finders’ warrants valued at $17,972. The finders’ warrants were estimated using the Black-Scholes option pricing model with the following assumptions: share price on grant date of $0.51, 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.

<u>Year ended December 31, 2022:</u>

Shares issued for property acquisition (Note 4)

On March 31, 2022, the Company issued 444,439 common shares relating to the acquisition of the Whitton Lake mineral property with a fair value of $919,988.

On June 15, 2022, the Company issued 33,333 common shares relating to the acquisition of the Fairbanks mineral property with a fair value of $34,000.

On July 15, 2022, the Company issued 416,667 common shares relating to the acquisition of the Leopard Lake and Beardmore mineral property with a fair value of $462,500.

On October 28, 2022, the Company issued 88,889 common shares relating to the Deep Cove mineral property agreement with a fair value of $36,667.

On October 28, 2022, the Company issued 66,667 common shares relating to the Gaffney mineral property agreement with a fair value of $29,000.

On October 28, 2022, the Company issued 88,889 common shares relating to the Virgin Arm mineral property agreement with a fair value of $36,667.

On November 1, 2022, the Company issued 55,555 common shares relating to the Fairchild mineral property agreement with a fair value of $26,667.

On November 15, 2022, the Company issued 222,222 common shares relating to the Savant mineral property agreement with a fair value of $90,000.

Shares issued for private placements

On April 8, 2022, the Company closed private placements for gross proceeds of $3,461,771. In connection with the closing of the private placements, the Company issued 1,207,833 units at a price of $1.80 per unit. Each unit consists of one common share and one half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant is exercisable into one common share of the Company at an exercise price of $2.70 for a period of two years from the date of issue. In addition to the issuance of the units, the private placements consisted of the issuance of 395,856 National flow-through shares priced at $2.16 per share, 71,166 Ontario flow-through shares priced at $2.25 per share, and 121,111 Quebec flow-through shares priced at $2.25 per share. In connection with the private placements closed, a premium was received for the flow-through shares resulting in an initial flow-through share premium liability of $299,608. In connection with these private placements, the Company issued an aggregate of 64,893 finders warrants valued at $43,360 at issuance date and paid $129,000 for finders' fees. The finders' warrants were estimated using the Black-Scholes option pricing model with the following assumptions: share price on grant date of $1.68, expected dividend yield of 0%; expected annualized volatility of 84%; a risk-free interest rate of 2.43%, and an expected average life of 2 years.

(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.

(Expressed in Canadian Dollars)

On March 27, 2023, Prospector granted of a total of 648,667 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 $0.63 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:

	December 31, 2023		December 31, 2022	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at beginning of year	1,778,879	$2.01	1,473,333	$2.04
Granted	648,667	$0.63	350,000	$1.86
Expired/Cancelled	(349,998)	$1.79	(44,454)	$1.80
Outstanding at end of year	2,077,548	$1.62	1,778,879	$2.01

As at December 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)
May 31, 2024	66,666	$1.80	0.41
November 5, 2025	405,553	$1.98	1.85
May 20, 2026	367,775	$2.04	2.38
August 3, 2026	55,555	$3.78	2.59
October 8, 2026	183,332	$2.34	2.77
April 21, 2027	333,333	$1.86	3.30
December 1, 2027	16,667	$1.80	3.92
March 27, 2028	648,667	$0.63	4.24
	2,077,548	$1.62	2.84

The following weighted-average grant date assumptions were used in valuing share purchase options granted during the year ended December 31, 2023 to directors, officers, consultants, and employees. The Company determines the fair value of options granted using the Black-Scholes model for share purchase options issued to employees.

	December 31, 2023	December 31, 2022
Weighted average share price	$0.51	$1.68
Weighted average exercise price	$0.63	$1.86
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.

(Expressed in Canadian Dollars)

(c) Share purchase warrants

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

	December 31, 2023		**December 31, 2022**	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Balance, beginning of year	3,571,708	$2.90	2,980,569	$2.97
Granted	828,223	$0.90	668,809	$2.64
Expired	(2,847,344)	$2.94	(77,670)	$3.18
Balance, end of year	1,522,587	$1.74	3,571,708	$2.90

As at December 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)
April 8, 2024	603,916	$2.70	0.27
April 8, 2024	25,727	$2.70	0.27
April 8, 2024	39,167	$1.80	0.27
March 25, 2025	27,778	$0.63	1.23
March 25, 2025	26,360	$0.90	1.23
March 27, 2025	774,084	$0.90	1.24
November 17, 2025	55,555	$3.60	1.88
Balance	1,552,587	$1.74	0.84

8) 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 financial statements are:

	December 31, 2023 $	December 31, 2022 $
Consulting fees	387,000	750,924
Share-based compensation	201,220	242,500
	588,220	993,424

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

Due to/from related parties

As at December 31, 2023, the amount due to related parties is $115,954 (December 31, 2022 – $215,980). This balance includes a promissory note of $101,625 (December 31, 2022 - $Nil) due to a director of the Company. The note payable is unsecured and non-interest bearing, and matured on December 31, 2023. The loan was repaid in full subsequent to year-end.

Other related party transactions

During the year ended December 31, 2023, $12,000 (2022 - $13,500) was received for rent from a former director of the Company.

9) SUPPLEMENTAL CASH FLOW INFORMATION

During the year ended December 31, 2023, the Company entered into the following non-cash transactions:

- The Company recognized $350,563 in flow-through premium liability as a result of the issuance of 1,548,171 flow-through units in relation to the closing of a private placement.
- The Company recognized $104,667 in mineral interest acquisition costs related to 377,778 common shares issued for exploration and evaluation assets (Note 4).
- The Company recognized $17,972 in share issuance costs related to the 54,138 finders' warrants issued in connection with the private placement.
- The Company paid $Nil in interest and taxes.

During the year ended December 31, 2022, the Company entered into the following non-cash transactions:

- The Company recognized $1,635,489 in mineral interest acquisition costs related to 1,416,661 common shares issued for exploration and evaluation assets (Note 4).
- The Company closed various private placements during the year ended December 31, 2022 (Note 7). In connection with these private placements, the Company issued an aggregate of 64,893 finders warrants valued at $43,360 at issuance date and paid $129,000 for finders' fees. In addition, a premium was received for the flow-through shares resulting in a liability of $299,609 (Note 11).

10) SEGMENT INFORMATION

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

(b) At December 31, 2023 and 2022, the Company's exploration and evaluation assets were located in four provinces. Please refer to 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.

(Expressed in Canadian Dollars)

11) FLOW THROUGH SHARE PREMIUM LIABILITY

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

Balance at December 31, 2021	**$**	**522,991**
Liability incurred on flow-through shares		299,608
Settlement of flow-through share liability on incurring expenditures		(753,566)
Balance at December 31, 2022	**$**	**69,033**
Liability incurred on flow-through shares		350,563
Settlement of flow-through share liability on incurring expenditures		(216,806)
Balance at December 31, 2023	**$**	**202,790**

On April 8, 2022, the Company closed private placements for gross proceeds of $1,287,671. The Private Placements consisted of the issuance of 395,856 National flow-through shares priced at $2.16, 71,166 Ontario flow-through shares priced at $2.25, and 121,111 Quebec flow-through shares priced at $2.25. A premium was received for the flow-through shares resulting in an initial liability of $229,608.

On March 27, 2023, the Company closed non-brokered private placements consisting of Ontario charity flow-through units offered at a price of $0.84 per Charity FT Unit and Ontario flow-through units offered at a price of $0.63 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 1,548,171 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 profit or loss, based on the percentage of the eligible expenditures incurred during the year. As at December 31, 2023, the Company has an obligation to spend $516,192 by December 31, 2024, by which time the outstanding flow-through share premium liability of $202,790 will be settled when these flow-through expenditures are incurred.

12) MANAGEMENT OF CAPITAL

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

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

There have been no changes to the Company's approach to capital management during the year ended December 31, 2023.

13) 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 fair values of the Company's cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and promissory note payable approximate their carrying values due to their short-term nature. The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk and market risk with respect to currency risk and interest risk.

<u>Credit risk</u>

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 cash equivalents are on deposit at a major financial institution. Amounts receivables consist primarily of goods and services tax refunds due from the Government of Canada and are neither past due nor impaired. As such, the Company considers its exposure to credit risk to be minimal.

<u>Liquidity risk</u>

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.

<u>Interest rate risk</u>

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.

<u>Price risk</u>

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.

(Expressed in Canadian Dollars)

14) INCOME TAXES

The income tax provision recorded differs from the income tax obtained by applying the statutory income tax rate of 27% (2022 – 27%) to the income for the year and is reconciled as follows:

	Year Ended Dec 31, 2023	Year Ended Dec 31, 2022
Loss before income taxes	(4,307,735)	(7,567,821)
Statutory Canadian federal and provincial tax rates	27%	27%
Expected tax (recovery)	(1,163,000)	(2,043,000)
Change in statutory, foreign tax, foreign exchange rates and other	(49,000)	(39,000)
Permanent differences	(10,000)	(2,000)
Impact of flow-through shares	218,000	852,000
Share issue cost	(9,000)	(35,000)
Adjustment to prior years provision versus statutory tax returns	18,000	328,000
Change in unrecognized deductible temporary differences	995,000	939,000
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:

		2023		2022
Non-capital losses	$	4,500,000	$	4,050,000
Property and Equipment		53,000		46,000
Share issuance costs		61,000		81,000
Allowable Capital losses		33,000		20,000
Marketable securities		46,000		85,000
Exploration and evaluation assets		3,447,000		2,863,000
		8,140,000		7,145,000
Unrecognized deferred tax assets		(8,140,000)		(7,145,000)
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:

	2023	Expiry Date Range	2022	Expiry Date Range
Temporary differences				
Exploration and evaluation assets	12,158,000	No expiry date	10,016,000	No expiry date
Investment tax credit	170,000	2031 to 2033	170,000	2031 to 2033
Marketable securities	338,000	No expiry date	631,000	No expiry date
Property and Equipment	197,000	No expiry date	170,000	No expiry date
Share issuance costs	228,000	2044 to 2047	300,000	2043 to 2046
Allowable Capital losses	123,000	No expiry date	72,000	No expiry date
Non-capital losses	16,662,000	2027 to 2043	14,996,000	2027 to 2042

15) SUSBEQUENT EVENTS

Subsequent to the year ended December 31, 2023, the following events took place:

(a) On March 5, 2024, the Company closed the acquisition of 100% interest in the Mike Lake Property ("ML Property") in the Yukon Territory. ML Property was acquired from Troilus Gold Corporation ("Troilus") through a shares-only purchase agreement. The Company is to provide Troilus with a milestone payment within 30 days of the completion of a mineral resource estimate, payable in cash or shares.

- The milestone payment shall be $1 million, if the Company's market capitalization is less than $20 million, or
- $2 million if the Company's market capitalization is greater than $20 million.

The Company also issued 9,222,164 common shares to Troilus after giving effect to the share consolidation (Note 7). As a result of the issuance, Troilus holds 19.9% of the issued common shares of the Company.

In connection with the transaction, Ian Parkinson was appointed as an independent director of the Company.

(b) On March 5, 2024, the Company closed a non-brokered private placement to raise gross proceeds of $2,000,000 by the issuance of up to 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 will be comprised of one common share and one half of one common share purchase warrant. Each warrant will be 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 private placement, the Company paid cash finder's fees totaling $31,327 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.

(c) On March 11, 2024, the Company granted incentive stock options to certain directors of the Company to purchase an aggregate of up to 300,000 common shares exercisable for a period of up to five years from the date of grant at a price of $0.22 per share.

(d) On April 3, 2024, the Company entered into a property acquisition agreement to purchase 100% of the Savant Project from Capella Minerals for a one-time payment of:

- Prospector to make a cash payment to Capella of CAD $50,000 on closing;
- Prospector to issue Capella 1,000,000 common shares upon closing; and
- Capella to retain a 1% Net Smelter Royalty on any potential future production from the property (with 0.5% being purchasable at any time for CAD $1,000,000).

On April 10, 2024, the Company paid CAD $50,000 issued 1,000,000 common shares to Capella in relation to the property acquisition agreement.

(e) On April 8, 2024, 668,808 warrants expired.