
PRISMO METALS INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

**THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2023**

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Notice to Reader

The accompanying unaudited condensed interim financial statements of Prismo Metals Inc. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements have not been reviewed by the Company's auditors.

Prismo Metals Inc.
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

| | As at September 30, 2023 | As at December 31, 2022 |
|---|--------------------------------|-------------------------------|
| ASSETS | | |
| Current assets | | |
| Cash | \$ 68,784 | \$ 2,581,225 |
| Marketable securities (Note 4) | 1,113,104 | - |
| Receivables | 29,470 | 26,875 |
| Prepaid expenses | 163,345 | 176,058 |
| | 1,374,703 | 2,784,158 |
| Non-current assets | | |
| Exploration and evaluation assets (Note 14) | 4,896,842 | 2,038,015 |
| Total assets | \$ 6,271,545 | \$ 4,822,173 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities (Note 5) | \$ 354,775 | \$ 244,330 |
| Short-term loans (Note 6) | 1,090 | 1,090 |
| Due to related parties (Note 13) | 2,154 | 31,757 |
| Total liabilities | 358,019 | 277,177 |
| Shareholders' equity | | |
| Share capital (Note 7) | 7,953,671 | 5,819,192 |
| Contributed reserves (Notes 9, 10, 11 and 12) | 1,320,573 | 379,028 |
| Deficit | (3,360,718) | (1,653,224) |
| Total shareholders' equity | 5,913,526 | 4,544,996 |
| Total liabilities and shareholders' equity | \$ 6,271,545 | \$ 4,822,173 |

Nature of operations and going concern (Note 1)
Subsequent event (Note 17)

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

Prismo Metals Inc.**Condensed Interim Statements of Loss and Comprehensive Loss****(Expressed in Canadian Dollars)****(Unaudited)**

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|---------------------|------------------------------------|---------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Operating expenses | | | | |
| Office and administrative expenses (Note 15) | \$ 523,921 | \$ 226,420 | \$ 1,629,040 | \$ 596,227 |
| Operating loss before the following items | (523,921) | (226,420) | (1,629,040) | (596,227) |
| Interest income | 41 | | 41 | - |
| Realized loss on marketable securities (Note 4) | (47,999) | | (47,999) | - |
| Fair value adjustment on marketable securities (Note 4) | (140,496) | - | (30,496) | - |
| Loss and comprehensive loss for the period | \$ (712,375) | \$ (226,420) | \$ (1,707,494) | \$ (596,227) |
| Basic and diluted loss per share | \$ (0.02) | \$ (0.01) | \$ (0.04) | \$ (0.03) |
| Weighted average number of common shares outstanding - basic and diluted (Note 8) | 40,027,792 | 28,750,333 | 40,357,203 | 23,842,599 |

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

Prismo Metals Inc.
Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

| | Nine Months Ended | |
|---|--------------------------|-------------------|
| | September 30, | |
| | 2023 | 2022 |
| Operating activities | | |
| Loss for the period | \$ (1,707,494) | \$ (596,227) |
| Fair value adjustment on marketable securities | 30,496 | - |
| Share-based payments | 868,121 | 132,789 |
| Realized loss on marketable securities | 47,999 | - |
| Changes in non-cash working capital items: | | |
| Receivables | (2,595) | (14,421) |
| Prepaid expenses | 12,713 | (196,471) |
| Accounts payable and accrued liabilities | 110,445 | (148,868) |
| Due to related parties | (29,603) | 71,956 |
| Net cash used in operating activities | (669,918) | (751,242) |
| Investing activities | | |
| Investment in exploration and evaluation assets | (2,614,452) | (776,310) |
| Proceeds from sale of marketable securities | 308,401 | - |
| Net cash used in investing activities | (2,306,051) | (776,310) |
| Financing activities | | |
| Shares issued for cash | 500,000 | 150,000 |
| Shares issued on exercise of warrants | - | 690,000 |
| Shares issued on exercise of stock options | - | 47,976 |
| Share issue costs | (36,472) | (38,925) |
| Short-term loans | - | (21,593) |
| Net cash provided by financing activities | 463,528 | 827,458 |
| Net change in cash | (2,512,441) | (700,094) |
| Cash, beginning of period | 2,581,225 | 975,300 |
| Cash, end of period | \$ 68,784 | \$ 275,206 |
| Supplemental information | | |
| Non-cash financing activities: | | |
| Share issuance costs settled | \$ 120,000 | \$ - |
| Fair value of warrants exercised | - | 101,264 |
| Fair value of stock options exercised | - | 34,528 |
| Non-cash investing activities: | | |
| Marketable securities acquired through strategic investment | \$ 1,500,000 | \$ - |
| Shares issued for exploration and evaluation assets | 244,375 | - |

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

Prismo Metals Inc.
Condensed Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
(Unaudited)

| | Number of shares | Share capital | Contributed reserves | Deficit | Total |
|---|---------------------|---------------------|-------------------------|-----------------------|---------------------|
| Balance, December 31, 2021 | 21,228,723 | \$ 1,976,962 | \$ 302,570 | \$ (652,635) | \$ 1,626,897 |
| Exercise of warrants | 6,900,000 | 791,254 | (101,254) | - | 690,000 |
| Exercise of stocks options | 383,810 | 82,504 | (34,528) | - | 47,976 |
| Private placement | 750,000 | 150,000 | - | - | 150,000 |
| Share issue costs | - | (38,925) | - | - | (38,925) |
| Share-based payments | - | - | 132,789 | - | 132,789 |
| Loss for the period | - | - | - | (596,227) | (596,227) |
| Balance, September 30, 2022 | 29,262,533 | \$ 2,961,795 | \$ 299,577 | \$ (1,248,862) | \$ 2,012,510 |
| Balance, December 31, 2022 | 35,671,480 | \$ 5,819,192 | \$ 379,028 | \$ (1,653,224) | \$ 4,544,996 |
| Strategic investment | 4,000,000 | 1,900,000 | 100,000 | - | 2,000,000 |
| Shares issued to agent | 240,000 | 114,000 | 6,000 | - | 120,000 |
| Share issue costs | - | (156,472) | - | - | (156,472) |
| RSUs converted to shares | 82,500 | 32,576 | (32,576) | - | - |
| Shares issued for exploration and evaluation assets | 575,000 | 244,375 | - | - | 244,375 |
| Share-based payments | - | - | 868,121 | - | 868,121 |
| Loss for the period | - | - | - | (1,707,494) | (1,707,494) |
| Balance, September 30, 2023 | 40,568,980 | \$ 7,953,671 | \$ 1,320,573 | \$ (3,360,718) | \$ 5,913,526 |

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

Prismo Metals Inc.

Notes to Condensed Interim Financial Statements Three and Nine months Ended September 30, 2023 (Expressed in Canadian Dollars, except where indicated) (Unaudited)

1. Nature of operations and going concern

Prismo Metals Inc. (the "Company" or "Prismo") was incorporated under the provisions of the Canada Business Corporations Act on October 17, 2018, and registered as an extra-provincial corporation under the laws of British Columbia on November 6, 2018. The addresses of the Company's offices are:

- Administration: Suite 1100 – 1111 Melville St., Vancouver, BC V6E 3V6, Canada.
- Registry and Records: 800 Victoria Square, Suite 3700, Montreal, Quebec, H4Z 1E9.

The Company is in the business of acquisition and exploration of mineral properties, and is in one operating segment, namely mineral exploration in Mexico.

These unaudited condensed interim financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

On October 1, 2020, the Company's shares started trading on the Canadian Securities Exchange (the "CSE") under the trading symbol PRIZ. On July 27, 2022, the Company commenced trading on the OTCQB ® under the symbol PMOMF. The Company's common shares continue to trade on the CSE under the symbol PRIZ.

The Company has incurred losses since inception, and had a working capital of \$1,016,684 as at September 30, 2023 (December 31, 2022 - \$2,506,981). Continued operations of the Company are dependent on the Company's ability to obtain private and/or public equity financing or to receive continued financial support from its controlling shareholders and other investors. There can be no assurance the Company will be successful in achieving these goals and, accordingly, there is a material uncertainty casting significant doubt about the Company's ability to continue as a going concern.

These unaudited condensed interim financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern, and these adjustments could be material.

2. Basis of preparation

(a) *Statement of compliance*

These unaudited condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). These unaudited condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited annual financial statements of the Company for the year ended December 31, 2022.

These unaudited condensed interim financial statements were approved by the Board of Directors ("Board") for issue on November 27, 2023.

Prismo Metals Inc.
Notes to Condensed Interim Financial Statements
Three and Nine months Ended September 30, 2023
(Expressed in Canadian Dollars, except where indicated)
(Unaudited)

3. Significant accounting policies

The accounting policies followed for the preparation of these unaudited condensed interim financial statements are consistent with those described in the December 31, 2022, annual financial statements, except as noted below.

Share appreciation right ("SAR")

Under the long-term incentive plan (the "LTIP"), selected employees are granted SARs where each SAR entitling the recipient to receive a payment in common shares equal to the current market price less the grant price of the SAR as determined by the Board at the time of the grant for each SAR. The fair value is measured at the grant date and recognized over the period during which the SARs vest. The fair value of the SARs granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense (share-based payments) is adjusted to reflect the actual number of SARs that are expected to vest.

Restricted stock unit ("RSU")

Under the LTIP, selected employees are granted RSUs where each RSU has a value equal to one Prismo common share. RSUs are measured at fair value on the grant date. The fair value of RSUs are recognized as a charge to share-based payments as an office and administrative expense over the vesting period with a corresponding increase in equity.

4. Marketable securities

As at September 30, 2023, the Company's publicly traded investment consisted of the following:

| Public issuer | Security description | Cost | Unrealized loss | Fair market value |
|--------------------------------|-----------------------------|--------------|------------------------|--------------------------|
| Vizsla Silver Corp. ("Vizsla") | 762,400 common shares | \$ 1,143,600 | \$ (30,496) | \$ 1,113,104 |

The Company received these marketable securities pursuant to a strategic investment with Vizsla. Refer to Note 7(b)(i).

During the three and nine months ended September 30, 2023, 237,600 common shares of Vizsla were sold for a gross proceeds of \$308,401 and an unrealized loss of \$47,999 was recorded in the unaudited condensed interim statements of loss.

There were no marketable securities as at December 31, 2022.

5. Accounts payable and accrued liabilities

The Company's accounts payable and accrued liabilities are as follows:

| | As at September 30, 2023 | As at December 31, 2022 |
|------------------------------------|---|--|
| Trade payables | \$ 332,275 | \$ 178,312 |
| Accrued liabilities and provisions | 22,500 | 66,018 |
| | \$ 354,775 | \$ 244,330 |

Prismo Metals Inc.

Notes to Condensed Interim Financial Statements Three and Nine months Ended September 30, 2023 (Expressed in Canadian Dollars, except where indicated) (Unaudited)

6. Short-term loans

During the year ended December 31, 2021, the Company entered into two short-term promissory notes for an aggregate amount of amount of \$30,000 which \$10,000 was due to a company controlled by a director of the Company. The loans bore a 6% annual interest rate, repayable at the time the principal amount is repaid. During the year ended December 31, 2022, \$10,000 plus its accrued interest was paid to the non-related party, and \$10,000 plus accrued interest to the company controlled by a director of the Company.

7. Share capital

a) Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value. There are no restrictions on transfers.

b) Common shares issued

As at September 30, 2023, the issued share capital amounted to \$7,953,671. The change in issued share capital for the periods presented were as follows:

| | Number of Shares | Amount |
|--|---------------------|---------------------|
| Balance, December 31, 2021 | 21,228,723 | \$ 1,976,962 |
| Exercise of warrants (ii) | 6,900,000 | 791,254 |
| Exercise of stock options (iii) | 383,810 | 82,504 |
| Private placement (iv) | 750,000 | 150,000 |
| Share issue costs | - | (38,925) |
| Balance, September 30, 2022 | 29,262,533 | \$ 2,961,795 |
| Balance, December 31, 2022 | 35,671,480 | \$ 5,819,192 |
| Strategic investment (i) | 4,000,000 | 1,900,000 |
| Shares issued to agent (i) | 240,000 | 114,000 |
| Shares issued for exploration and evaluation assets (Note 14(d)) | 575,000 | 244,375 |
| RSUs converted to shares (Note 12) | 82,500 | 32,576 |
| Share issue costs | - | (156,472) |
| Balance, September 30, 2023 | 40,568,980 | \$ 7,953,671 |

(i) On January 6, 2023, the Company completed a strategic investment with Vizsla for 4,000,000 units of the Company for aggregate consideration of \$2,000,000 with Vizsla acquiring a right of first refusal (the "ROFR") to purchase the Palos Verdes project from the Company. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant will entitle the holder to acquire one common share of the Company at a price of \$0.75 for a period of two years. The 2,000,000 warrants were valued at \$100,000 using the residual value method. The consideration for the strategic investment consisted of a cash payment of \$500,000 at closing and 1,000,000 common shares of Vizsla valued at \$1,500,000. Refer to Note 4.

In addition, the Company issued 240,000 units to the agent valued at \$120,000. The 120,000 warrants were value at \$6,000 using the residual value method.

Prismo Metals Inc.

Notes to Condensed Interim Financial Statements Three and Nine months Ended September 30, 2023 (Expressed in Canadian Dollars, except where indicated) (Unaudited)

7. Share capital (continued)

b) Common shares issued (continued)

(ii) During the nine months ended September 30, 2022, the Company issued an aggregate of 6,900,000 common shares on exercise of warrants for cash proceeds to the Company of \$690,000.

(iii) During the nine months ended September 30, 2022, the Company issued an aggregate of 383,810 common shares on exercise of stock options for cash proceeds to the Company of \$47,976.

(iv) On August 22, 2022, the Company closed a non-brokered private placement, issuing 750,000 common shares at a price of \$0.20 per share for gross proceeds of \$150,000. There was no finder fee paid in this private placement.

8. Loss per common share

The calculation of basic loss per share for the three and nine months ended September 30, 2023 was based on the net loss attributable to common shareholders of \$712,375 and \$1,707,494, respectively (three and nine months ended September 30, 2022 - net loss of \$226,420 and \$596,227, respectively) and the weighted average number of common shares outstanding for the three and nine months ended September 30, 2023 of 40,027,792 and 40,357,203, respectively (three and nine months ended September 30, 2022 - 28,750,333 and 23,842,599, respectively). Diluted loss per share for the three and nine months ended September 30, 2023 and 2022 did not include the effect of stock options, SARs, warrants and RSU as they are anti-dilutive.

9. Stock options

The following summarizes the stock option activity for the periods ended September 30, 2023 and 2022:

| | Number of stock options | Weighted average exercise price (\$) |
|------------------------------------|----------------------------|---|
| Balance, December 31, 2021 | 1,483,810 | 0.125 |
| Granted (i)(ii)(iii) | 1,460,000 | 0.160 |
| Exercised | (383,810) | 0.125 |
| Balance, September 30, 2022 | 2,560,000 | 0.145 |
| Balance, December 31, 2022 | 2,435,000 | 0.145 |
| Granted (iv)(v) | 965,000 | 0.329 |
| Balance, September 30, 2023 | 3,400,000 | 0.198 |

Prismo Metals Inc.**Notes to Condensed Interim Financial Statements****Three and Nine months Ended September 30, 2023****(Expressed in Canadian Dollars, except where indicated)****(Unaudited)**

9. Stock options (continued)

The following table reflects the Company's stock options outstanding and exercisable as at September 30, 2023:

| Options outstanding | Grant date fair value (\$) | Exercise price (\$) | Options exercisable | Weighted average remaining contractual life (years) | Expiry date |
|----------------------------|-----------------------------------|----------------------------|----------------------------|--|--------------------|
| 200,000 | 19,627 | 0.170 | 200,000 | 0.77 | July 7, 2024 |
| 150,000 | 43,830 | 0.460 | 112,500 | 1.34 | January 31, 2025 |
| 975,000 | 90,043 | 0.125 | 975,000 | 2.00 | September 30, 2025 |
| 500,000 | 60,431 | 0.150 | 500,000 | 3.64 | May 19, 2027 |
| 760,000 | 101,305 | 0.165 | 760,000 | 3.74 | June 26, 2027 |
| 815,000 | 229,232 | 0.305 | 203,750 | 4.83 | July 27, 2028 |
| 3,400,000 | 544,468 | 0.198 | 2,751,250 | 3.21 | |

(i) On May 20, 2022, the Company granted an aggregate of 500,000 stock options to a director. Each option is exercisable into one common share of the Company at a price of \$0.150 per share for a period of five years. Vesting of the options is as follows: 25% as of the date of grant; 25% on August 19, 2022; 25% on November 19, 2022 and 25% on May 19, 2023. The grant date fair value of \$60,431 or \$0.12 per option was valued using the Black-Scholes valuation model with the following assumptions: share price \$0.150; expected dividend yield of 0%; risk-free interest rate of 2.70%; volatility of 112% and an expected life of 5 years.

(ii) On June 26, 2022, the Company granted an aggregate of 760,000 stock options to its directors and a consultant. Each option is exercisable into one common share of the Company at a price of \$0.165 per share for a period of five years. Vesting of the options is as follows: 25% as of the date of grant and 25% every three-months thereafter. The grant date fair value of \$101,305 or \$0.13 per option was valued using the Black-Scholes valuation model with the following assumptions: share price \$0.165; expected dividend yield of 0%; risk-free interest rate of 3.19%; volatility of 112% and an expected life of 5 years.

(iii) On July 7, 2022, the Company granted an aggregate of 200,000 stock options to a consultant. Each option is exercisable into one common share of the Company at a price of \$0.17 per share for a period of two years. Vesting of the options is as follows: 25% as of the date of grant and 25% every three-month thereafter. The grant date fair value of \$19,627 or \$0.10 per option was valued using the Black-Scholes valuation model with the following assumptions: share price \$0.170; expected dividend yield of 0%; risk-free rate of 3.19%; volatility of 110% and an expected life of 2 years.

(iv) On January 31, 2023, the Company granted an aggregate of 150,000 stock options to a consultant. Each option is exercisable into one common share of the Company at a price of \$0.460 per share for a period of two years. Vesting of the options are as follows: 25% as of the date of grant; 25% every three-months thereafter. The grant date fair value of \$43,830 or \$0.29 per option was valued using the Black-Scholes valuation model with the following assumptions: share price \$0.42; expected dividend yield of 0%; risk-free interest rate of 3.76%; volatility of 146% and an expected life of 2 years.

(v) On July 27, 2023, the Company has granted 815,000 incentive stock options, to certain directors, officers, and consultants of the Company. Each option is exercisable into one common share of the Company at a price of \$0.305 per share for a period of five years. Vesting of the options are as follows: 25% as of the date of grant; 25% every three-months thereafter. The grant date fair value of \$229,232 or \$0.28 per option was valued using the Black-Scholes valuation model with the following assumptions: share price \$0.34; expected dividend yield of 0%; risk-free interest rate of 4.00%; volatility of 114% and an expected life of 5 years.

Prismo Metals Inc.

Notes to Condensed Interim Financial Statements Three and Nine months Ended September 30, 2023 (Expressed in Canadian Dollars, except where indicated) (Unaudited)

9. Stock options (continued)

(vi) The portion of the estimated fair value of options granted in the current and prior periods and vested during the three and nine months ended September 30, 2023, amounted to \$92,460 and \$152,564, respectively (three and nine months ended September 30, 2022 - \$78,436 and \$132,789, respectively).

10. SARs

In 2022, the Company's Board approved a long-term performance incentive plan, which included SARs. Key employees and directors are eligible to receive grants of SARs, entitling the recipient to receive a payment in common shares equal to the current market price less the grant price of the SAR as determined by the Board at the time of the grant for each SAR. Notwithstanding the foregoing, the Board may, in its sole discretion, satisfy payment of the entitlement in cash rather than in common shares. The exercise price of the SAR (the "SAR Grant Price") shall be determined by the Board at the time the SAR is granted. In no event shall the SAR Grant Price be lower than the discounted market price permitted by the CSE. SARs shall be granted on such terms as shall be determined by the Board and set out in the award agreement (including any terms pertaining to vesting and settlement), provided the term of any SAR granted under this Plan shall not exceed ten (10) years.

The following summarizes the SARs activity for the periods ended September 30, 2023 and 2022:

| | Number of SARs | Weighted average exercise price (\$) |
|--|-------------------|---|
| Balance, December 31, 2021 and September 30, 2022 | - | - |
| Balance, December 31, 2022 | - | - |
| Granted (i)(ii) | 1,000,000 | 0.380 |
| Balance, September 30, 2023 | 1,000,000 | 0.380 |

(i) On January 8, 2023, the Company granted an aggregate of 475,000 SARs to directors, officers and consultants. Each SAR is exercisable for a period of five years at a price \$0.475. Vesting of the SARs are as follows: 25% as of the date of grant and 25% every three-months thereafter. The grant date fair value of \$192,190 or \$0.405 per SAR was valued using the Black-Scholes valuation model with the following assumptions: share price \$0.475; expected dividend yield of 0%; risk-free interest rate of 3.24%; volatility of 125% and an expected life of 5 years. For the three and nine months ended September 30, 2023, \$18,317 and \$190,782, respectively was expensed to share-based payments.

(ii) On July 27 2023, the Company granted an aggregate of 525,000 SARs to directors, officers and consultants. Each SAR is exercisable for a period of five years at a price \$0.285. Vesting of the SARs are as follows: 25% as of the date of grant and 25% every three-months thereafter. The grant date fair value of \$148,757 or \$0.283 per SAR was valued using the Black-Scholes valuation model with the following assumptions: share price \$0.283; expected dividend yield of 0%; risk-free interest rate of 4.00%; volatility of 114% and an expected life of 5 years. For the three and nine months ended September 30, 2023, \$86,660 and \$86,660, respectively was expensed to share-based payments

Prismo Metals Inc.**Notes to Condensed Interim Financial Statements
Three and Nine months Ended September 30, 2023
(Expressed in Canadian Dollars, except where indicated)
(Unaudited)**

10. SARs (continued)

The following table reflects the Company's SARs outstanding and exercisable as at September 30, 2023:

| SARs outstanding | Grant date fair value (\$) | Exercise price (\$) | SARs exercisable | Weighted average remaining contractual life (years) | Expiry date |
|-----------------------------|---|--------------------------------|-----------------------------|--|--------------------|
| 475,000 | 192,190 | 0.475 | 356,250 | 4.28 | January 8, 2028 |
| 525,000 | 148,757 | 0.285 | 131,250 | 4.83 | July 27, 2028 |
| 1,000,000 | 340,947 | 0.380 | 487,500 | 4.57 | |

11. Warrants

The following summarizes the warrant activity for the periods ended September 30, 2023 and 2022:

| | Number of warrants | Weighted average exercise price (\$) |
|------------------------------------|-------------------------------|---|
| Balance, December 31, 2021 | 9,526,833 | 0.17 |
| Exercised | (6,900,000) | 0.10 |
| Balance, September 30, 2022 | 2,626,833 | 0.34 |
| Balance, December 31, 2022 | 5,042,886 | 0.57 |
| Granted (Note 7(b)(i)) | 2,120,000 | 0.75 |
| Balance, September 30, 2023 | 7,162,886 | 0.62 |

The following table reflects the Company's warrants outstanding and exercisable as at September 30, 2023:

| Valuation | Number of warrants | Exercise price | Expiry Date |
|-------------------|-------------------------------|---------------------------|--------------------|
| \$ 10,719 | 350,000 | \$0.10 | August 12, 2024 |
| 10,760 | 350,000 | 0.10 | October 11, 2024 |
| - | 1,347,349 | 0.45 | December 22, 2023 |
| 20,386 | 95,537 | 0.30 | December 22, 2023 |
| 58,000 | 2,900,000 | 0.75 | December 12, 2025 |
| 106,000 | 2,120,000 | 0.75 | January 6, 2025 |
| \$ 205,865 | 7,162,886 | \$0.62 | |

Prismo Metals Inc.

Notes to Condensed Interim Financial Statements Three and Nine months Ended September 30, 2023 (Expressed in Canadian Dollars, except where indicated) (Unaudited)

12. RSU plan

In 2022, the Company's Board approved a LTIP, which included RSUs. Key employees and directors (as such terms are defined in the LTIP), are eligible to receive grants of RSUs, entitling the holder to receive one common share for each RSU, subject to restrictions as the Board may, in its sole discretion, establish in the applicable award agreement.

On January 8, 2023, the Company granted 475,000 RSUs to officers, directors and consultants of the Company under the terms of the RSU Plan. Vesting of the RSUs are as follows: 25% as of the date of grant and 25% every three-months thereafter.

On March 17, 2023, the Company granted 310,000 RSUs to consultants of the Company under the terms of the RSU Plan. Vesting of the RSUs are as follows: 50% on June 17, 2023 and 50% on September 17, 2023.

On July 27, 2023, the Company granted 525,000 RSUs to officers, directors and consultants of the Company under the terms of the RSU Plan. Vesting of the RSUs are as follows: 25% as of the date of grant and 25% every three-months thereafter.

During the nine months ended September 30, 2023, 797,500 RSUs vested and 82,500 of these RSUs converted to common shares with a value \$32,576.

Compensation for the three and nine months ended September 30, 2023 related to the vesting of RSUs was \$148,003 and \$438,115, respectively and was recorded as a share-based payments in the unaudited condensed interim statement of loss and comprehensive loss.

| | RSUs outstanding |
|--|---------------------|
| Balance, December 31, 2021 and September 30, 2022 | - |
| Balance, December 31, 2022 | - |
| Granted | 1,310,000 |
| Vested | (82,500) |
| Balance, September 30, 2023 | 1,227,500 |

13. Related party transactions

Key management personnel comprise the Chief Executive Officer, the Chief Financial Officer and Corporate Secretary and the Directors of the Company.

The below noted transactions are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board.

Prismo Metals Inc.**Notes to Condensed Interim Financial Statements
Three and Nine months Ended September 30, 2023
(Expressed in Canadian Dollars, except where indicated)
(Unaudited)**

13. Related party transactions (continued)

Transactions with key management personnel and other related parties of the Company was as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|--------|------------------------------------|----------|
| | 2023 | 2022 | 2023 | 2022 |
| Consulting fees paid or accrued to a company controlled by the former Chief Financial Officer of the Company: | \$ - | \$ - | \$ - | \$ 5,612 |
| Consulting fees paid to the Chief Executive Officer of the Company for supervision of exploration programs: | 20,404 | 22,700 | 66,989 | 57,152 |
| Accounting fees paid to Marrelli Support Services Inc., a company controlled by the Chief Financial Officer of the Company: | 4,184 | 6,386 | 20,093 | 19,436 |
| Share-based payments: | 275,447 | 26,875 | 531,983 | 64,673 |

In addition to the above transactions, both the ProDeMin Option (Note 14(a)) and the Cascabel Option (Note 14(c)) are related party transactions, as ProDeMin is controlled by a director of the Company, and two directors of the Company have an interest in the project related to the Cascabel option.

The following amounts were due to related parties:

| | September 30, December 31, | |
|---|----------------------------|-----------|
| | 2023 | 2022 |
| Amounts owed to the President of the Company in consulting fees and reimbursable expenses: | \$ - | \$ 25,103 |
| Amounts owed to Marrelli Support Services Inc., a company controlled by the Chief Financial Officer of the Company: | 2,154 | 2,587 |
| Amount owed to a company controlled by the directors of the Company | - | 4,067 |
| | \$ 2,154 | \$ 31,757 |

Prismo Metals Inc.

Notes to Condensed Interim Financial Statements

Three and Nine months Ended September 30, 2023

(Expressed in Canadian Dollars, except where indicated)

(Unaudited)

14. Exploration and evaluation assets

a) ProDeMin Option

On May 7, 2019, the Company entered into an Option Agreement with ProDeMin, a company incorporated under the laws of Mexico and carrying mineral exploration contracting activities and controlled by a director of the Company (the "ProDeMin Option"). Pursuant to the terms of the ProDeMin Option, ProDeMin granted the Company an option to earn up to 75% interest in the Palos Verdes property, located in the state of Sinaloa, Mexico, over a period of five years, as follows:

- on May 10, 2019, the Company paid ProDeMin US \$25,000 in cash (paid);
- on August 12, 2019, the Company issued ProDeMin 2,000,000 units with a fair value of \$0.05 per unit; each unit consisted of one common share and one share purchase warrant of the Company; each warrant being exercisable at a price of \$0.10 per share, expiring on the fifth anniversary of the date of issuance of these units;
- on August 12, 2019, the Company reimbursed ProDeMin for expenditures already incurred in the amount of \$25,000 by the issuance of 500,000 common shares with a fair value of \$0.05 per share (issued); and
- the Company is required to incur US \$1,500,000 in exploration expenses over the five-year period of the ProDeMin Option, pay an additional US \$46,823 and issue ProDeMin an additional 2,000,000 common shares, as follows:
 - on December 31, 2021, the Company paid ProDeMin an amount of US \$21,823 upon the Company's closing of its first financing following the listing of its common shares on a recognized CSE;
 - incurred a minimum of \$100,000 in exploration expenditures within the first two years of the date of the ProDeMin Option, and by paying all fees and duties required to maintain the mineral concessions in good standing;
 - pay US \$25,000 to ProDeMin and incurred a minimum of US \$100,000 in exploration expenditures on the property for each of the third and fourth year following the date of the ProDeMin Option, and also paying during such period all fees and duties required to maintain the mineral concession in good standing;
 - Issue to ProDeMin, or as directed by ProDeMin, 2,000,000 common shares, and incurring a minimum of US \$500,000 in expenditures on the Property in the fifth year following the date of the ProDeMin Option, and also paying during such period all fees and duties required to maintain the mineral concession in good standing; and
 - the following payments have been or are to be made:

| | USD \$ |
|--------------------------------------|----------------|
| On or before May 20, 2019 (paid) | 15,000 |
| 6 months from the above date (paid) | 25,000 |
| 12 months from the above date (paid) | 25,000 |
| 18 months from the above date (paid) | 25,000 |
| 24 months from the above date (paid) | 25,000 |
| 30 months from the above date (paid) | 25,000 |
| 36 months from the above date (paid) | 50,000 |
| 48 months from the above date (paid) | 50,000 |
| Total payments | 240,000 |

Prismo Metals Inc.
Notes to Condensed Interim Financial Statements
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14. Exploration and evaluation assets (continued)

b) Option for remaining 25% stake in Palos Verdes

On November 30, 2020, the Company entered into an option agreement with the underlying owner of the remaining 25% of the Palos Verdes property (the "Palos Verdes 25% Agreement"), thus securing the possibility of earning up to 100% interest in the property. Under the terms of the Palos Verdes 25% Agreement, the Company will make aggregate payments of US \$250,000 over a period of four years (US \$90,000 paid) and issued 100,000 share purchase warrants (issued) with an exercise price of \$0.35 and valid for two years. The schedule of cash payments is as follows:

| | USD |
|---------------------------------------|----------------|
| | \$ |
| On or before November 30, 2020 (paid) | 30,000 |
| 6 months from the above date (paid) | 15,000 |
| 12 months from the above date (paid) | 15,000 |
| 18 months from the above date (paid) | 15,000 |
| 24 months from the above date (paid) | 15,000 |
| 30 months from the above date (paid) | 25,000 |
| 36 months from the above date (paid) | 25,000 |
| 42 months from the above date | 50,000 |
| 48 months from the above date | 60,000 |
| Total payments | 250,000 |

During the nine months ended September 30, 2023, the Company sold a right of first refusal on sale of the project. Refer to Note 7(b)(i).

c) Cascabel Option

On October 11, 2019, the Company entered into an Option Agreement with Cascabel (the "Cascabel Option"). Pursuant to the terms of the Cascabel Option, Cascabel grants the Company an option to earn up to 100% in the Los Pavitos concession, located in the state of Sonora, Mexico, over a period of five years, as follows:

- on October 11, 2019, the Company issued Cascabel 2,000,000 units with a fair value of \$0.05 per unit; each unit consisting of one common share and one share purchase warrant of the Company; each warrant being exercisable at a price of \$0.10 per share, expiring of the fifth anniversary of the date of issuance of these units (issued); and
- the Company is required to maintain the Los Pavitos concession in good standing. During the year ended December 31, 2020, the Company reimbursed Cascabel for \$137,796 for concession dues that were due for 2019 and 2020. The Company is temporarily delinquent for payment of mineral concession dues corresponding to the first semester of 2021 of approximately US \$35,000 and a similar amount for the second semester of 2021 as well as approximately US \$65,000 corresponding to the first semester of 2022 for working capital preservation.

For the exercise of the option, the Company will be required to incur US \$1,500,000 in exploration expenses over the five-year period of the Cascabel Option, pay an additional US \$500,000 and issue Cascabel an additional 2,000,000 common shares. The yearly minimum expenditures, payments and issuance of shares to Cascabel are as follows:

Prismo Metals Inc.

Notes to Condensed Interim Financial Statements Three and Nine months Ended September 30, 2023 (Expressed in Canadian Dollars, except where indicated) (Unaudited)

14. Exploration and evaluation assets (continued)

c) Cascabel Option (continued)

| Period | Work commitment | Cash payment (USD) | Shares issued | Other requirements |
|------------------------------------|--------------------|--------------------------|------------------|---|
| First two years, cumulative | \$ 75,000 | nil | nil | Technical report to NI 43-101 standards |
| Each of the third and fourth years | \$ 100,000 | \$100,000 | nil | nil |
| Fifth year | \$ 500,000 | \$300,000 | 2,000,000 | Drilling program of at least 2,500 metres |

The Company will perform sufficient assessment work to satisfy the applicable government work commitment costs on the property; and

The Company will maintain the mineral concessions in good standing.

d) Hot Breccia Option

On February 1, 2023, the Company signed a definitive agreement (the "Agreement") with Infinitum Copper Corp. ("Infinitum") to acquire a 75% interest in the Hot Breccia porphyry copper-skarn project (the "Hot Breccia Option") located in Arizona copper belt. Under the terms of the Agreement, the Company paid \$350,000 in cash and issued 500,000 common shares at a price of \$0.425 per share for a value of \$212,500, in addition to assuming certain earn-in obligations of Infinitum under the option agreement with Walnut Mines LLC, in order to acquire a 75% ownership interest in Hot Breccia Option.

Earn-in obligations to Walnut:

| As at Jan 31, | Work commitments <i>To be satisfied by Prismo</i> | Property Payments <i>To be made by Prismo</i> | Share payments <i>To be made by Infinitum</i> |
|---------------|--|--|--|
| 2024 | \$500,000 | \$165,000 | 250,000 shares |
| 2025 | 1,000,000 | 100,000 | 500,000 shares |
| 2026 | 1,750,000 | 275,000 | 875,000 shares |
| 2027 | 2,000,000 | - | 750,000 shares |
| Total | 5,250,000 | 540,000 | 2,375,000 shares |

In connection with the transaction, the Company also issued to an arm's-length party 75,000 common shares valued at \$31,875 as an advisory fee.

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(Unaudited)**

14. Exploration and evaluation assets (continued)

The Company has incurred the following exploration and evaluation investments:

| | CAD |
|--|---------------------|
| Balance, December 31, 2022 | \$ 2,038,015 |
| <u>ProDeMin Project</u> | |
| Palos verdes remaining 25% option - cash | 128,024 |
| Drilling | 1,258,021 |
| Other | 3,165 |
| Additions to ProDeMin Project | 1,389,210 |
| <u>Hot Breccia Project</u> | |
| Option payment | 611,796 |
| Drilling | 553,094 |
| Other | 304,727 |
| Additions to Hot Breccia Project | 1,469,617 |
| Balance, September 30, 2023 | \$ 4,896,842 |

15. Office and administrative expenses

| | Three Months Ended | | Nine Months Ended | |
|---|---------------------------|-------------------|--------------------------|-------------------|
| | September 30, | | September 30, | |
| | 2023 | 2022 | 2023 | 2022 |
| Conference and investor relations | \$ 43,918 | \$ 105,972 | \$ 121,120 | \$ 314,018 |
| Consulting fees | 1,558 | - | 98,406 | 25,000 |
| Foreign exchange loss | 70,825 | 1,750 | 66,198 | 4,053 |
| Marketing expense | 19,981 | - | 172,708 | - |
| Office and administration | 1,369 | 3,702 | 9,861 | 5,849 |
| Professional fees (Note 13) | 13,242 | 15,186 | 85,381 | 49,273 |
| Regulatory and transfer agent fees | 22,703 | 18,865 | 94,084 | 58,161 |
| Stock exchange, authorities and communication | - | - | 9,742 | - |
| Share-based payments (Note 9, 10, 12 and 13) | 345,440 | 78,436 | 868,121 | 132,789 |
| Travel, meals and conventions | 4,885 | 2,509 | 103,419 | 7,084 |
| | \$ 523,921 | \$ 226,420 | \$ 1,629,040 | \$ 596,227 |

16. Comparative figures

Certain comparatives figures have been reclassified in order to conform to the current presentation.

17. Subsequent event

(i) On November 1, 2023, 167,500 RSUs were converted to common shares.