



PRISMO METALS INC.
(An exploration-stage company)

Condensed Interim Financial statements

Three and nine months ended September 30, 2020 and 2019
(Unaudited - Expressed in Canadian dollars – unless otherwise indicated)

NOTICE TO READER

THE ISSUER'S AUDITORS HAVE NOT REVIEWED OR BEEN INVOLVED IN THE PREPARATION OF THESE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

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

Prismo Metals Inc.

(an exploration-stage company)

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited, prepared by management)

(Expressed in Canadian Dollars)

As at		September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
	Note	\$	\$
ASSETS			
Current			
Cash		501,142	175,581
Receivables		7,272	1,897
Prepaid expenses and deposits		2,109	-
		510,523	177,478
Exploration and evaluation assets	7	496,827	453,041
		1,007,350	630,519
LIABILITIES			
Current			
Accounts payable and accrued liabilities	4	73,148	56,037
Due to related parties	6	8,164	7,261
		81,312	63,298
SHAREHOLDERS' EQUITY			
Share capital	5	950,865	533,949
Contributed surplus	5(c,d)	279,140	122,732
Deficit		(303,967)	(89,460)
		926,038	567,221
		1,007,350	630,519
Nature of operations and going concern uncertainty	1		
Subsequent event	10		

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

Approved by the board of directors and authorized for issue on November 24, 2020

"Peter Craig Gibson" (Signed)

Director

"Jean François Meilleur" (Signed)

Director

Prismo Metals Inc.

(an exploration-stage company)

CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Unaudited, prepared by management)

(Expressed in Canadian Dollars)

		Three months ended September 30		Nine months ended September 30	
	Note	2020	2019	2020	2019
		\$	\$	\$	\$
EXPENSES					
Administration and accounting	6	10,313	1,350	18,713	3,917
Audit and legal		20,716	12,822	27,377	21,015
Filing and transfer agent fees		10,078	-	29,876	-
Office and sundry		438	466	1,273	1,031
Travelling		3,855	-	3,855	-
Investor relations		-	4,228	-	4,228
Share-based payments	5(d)	133,910	-	133,910	-
Foreign exchange (income) loss		262	(328)	(497)	1,485
Loss and comprehensive loss for the period		(179,572)	(18,538)	(214,507)	(31,676)
Loss per share (basic and diluted)		(0.02)	(0.01)	(0.03)	(0.01)
Weighted average number of shares outstanding (basic and diluted)		12,610,867	6,521,820	12,610,867	3,978,049

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Prismo Metals Inc.

(an exploration-stage company)

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

(Unaudited, prepared by management)

(Expressed in Canadian Dollars)

		Nine months ended September 30	
	Note	2020	2019
		\$	\$
Operating activities			
Loss for the period		(214,507)	(31,676)
Adjustments for items not involving cash:			
- Share-based payments		133,910	-
Changes in non-cash working capital items:			
- Receivables		(5,375)	(289)
- Prepaid expenses and deposits		(2,109)	-
- Accounts payable and accrued liabilities	4	(24,687)	5,855
- Due to related parties	6	903	1,418
Cash used in operating activities		(111,865)	(24,692)
Cash flows used in investing activities			
Acquisition (sale) of equipment		-	-
Investment in exploration and evaluation assets	7	(41,989)	(70,624)
Cash used in investment activities		(41,989)	(70,624)
Cash flows from financing activities			
Shares issued for cash	5 (b)	575,000	167,293
Share issuance costs	5 (b)	(95,585)	(1,745)
Subscriptions received in advance	5(c), 11	-	152,500
Cash generated from financing activities		479,415	318,048
Net change in cash		325,561	222,732
Cash, beginning of the period		175,581	-
Cash, end of the period		501,142	222,732

Supplementary information with respect to cash flows

Non-cash financing activities:

Share issuance costs incurred through accounts payable and accrued liabilities	5 (b)	40,000	-
Share issuance costs settled through issuance of shares	5 (b)	42,500	-
Fair value of options granted to agent as part of IPO	5 (b)	22,498	-

Non-cash investing activities:

Fair value of share purchase warrants issued for exploration and evaluation assets	5 (b,c)	-	61,249
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CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

(Unaudited, prepared by management)

(Expressed in Canadian Dollars)

	Note	Share capital		Subscriptions received in advance	Contributed surplus	Deficit	Total
		Amount	Value				
		#	\$	\$	\$	\$	\$
Balance, December 31, 2018		1	-		-	(4,366)	(4,366)
Shares issued for cash	5(b)	6,585,866	167,293	-	-	-	167,293
Units issued for property acquisition	5(b,c)	2,000,000	100,000	-	61,249	-	161,249
Shares issued as payment for work done on mineral property	5(b)	500,000	25,000	-	-	-	25,000
Share issuance costs	5(b)	-	(7,808)	-	-	-	(7,808)
Subscriptions received	5(c), 11	-	-	152,500	-	-	152,500
Loss for the period		-	-	-	-	(31,676)	(31,676)
Balance, September 30, 2019		9,085,867	284,485	152,500	61,249	(36,042)	462,192
Shares issued for cash	5(b)	1,525,000	152,500	(152,500)	-	-	-
Units issued for property acquisition	5(b,c)	2,000,000	100,000	-	61,483	-	161,483
Share issuance costs	5(b)	-	(3,036)	-	-	-	(3,036)
Loss for the period		-	-	-	-	(53,418)	(53,418)
Balance, December 31, 2019		12,610,867	533,949	-	122,732	(89,460)	567,221
Shares issued for cash	5(b)	4,600,000	575,000	-	-	-	575,000
Shares issued as corporate finance fee	5(b)	40,000	5,000	-	-	-	5,000
Shares issued in settlement of debt	5(b)	300,000	37,500	-	-	-	37,500
Agent's option	5(b)	-	-	-	22,498	-	22,498
Share issuance costs	5(b)	-	(200,584)	-	-	-	(200,584)
Share-based payments	5(d)	-	-	-	133,910	-	133,910
Loss for the period		-	-	-	-	(214,507)	(214,507)
Balance, September 30, 2020		17,550,867	950,865	-	279,140	(303,967)	926,038

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

PRISMO METALS INC.
(An exploration-stage company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

Three and nine months ended September 30, 2020 and 2019
(Unaudited - Expressed in Canadian dollars except where indicated)

1. Nature of operations and going concern uncertainty

Prismo Metals Inc. (the “Company”) was incorporated under the provisions of the Canada Business Corporations Act (“CBCA”) on October 17, 2018, as 11047612 Canada Inc., renamed as Prismo Metals Inc. on November 1, 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 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 September 30, 2020, the Company closed its initial public offering (the “IPO”) by way of a long-form prospectus through an engagement with Haywood Securities Inc. (“Haywood”) and filed on SEDAR on September 8, 2020 (the “Prospectus”).

The closing of the IPO provided the Company gross proceeds of \$575,000. Please refer to Note 5 for a detailed disclosure of the IPO.

On October 1, 2020, the Company’s shares started trading on the Canadian Securities Exchange (the “CSE”) under the trading symbol PRIZ.

The proceeds of the IPO will be used to fund exploration and development of the Company’s mineral projects, and for working capital and general corporate purposes.

In March 2020, the World Health Organization declared the coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, economies, as well as financial markets globally, potentially leading to an economic downturn. Efforts to contain the virus has severely limited the mobility of people and businesses, which in turn impacted the Company’s abilities to continue with any exploration program or raise the necessary funds. However, it is not possible for the Company at this time to predict the duration or magnitude of the impact towards the Company’s business or results from its operations.

The Company has incurred losses since inception and had a working capital of \$429,211 as at September 30, 2020. 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 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.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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2. Basis of preparation

(a) Statement of compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”). These 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, 2019.

These condensed interim financial statements were approved by the Board of Directors for issue on November 24, 2020.

(b) Critical accounting estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgements made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2019.

3. Significant accounting policies

The accounting policies followed for the preparation of these condensed interim financial statements are consistent with those described in the December 31, 2019, annual financial statements.

4. Accounts payable and accrued liabilities

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

	September 30, 2020	December 31, 2019
	\$	\$
Trade payables	6,218	36,037
Accrued liabilities and provisions	66,930	20,000
Total	73,148	56,037

5. Share capital

a) Authorized:

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

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5. Share capital (cont'd...)

b) Issued and outstanding:

As indicated in Note 1, on September 30, 2020, the Company closed an IPO through Haywood, after having filed a long-form Prospectus on September 8, 2020. The Company raised gross proceeds of \$575,000 through the issuance of 4,600,000 common shares at a price per share of \$0.125. Pursuant to the engagement with Haywood, the Company paid Haywood an agent's commission of 7.5% in cash (\$43,125) and 7.5% through an agent's option consisting of 345,000 options with an exercise price of \$0.125 for a period of two years. The fair value of the agent's options were calculated at \$22,498 using the Black-Scholes option pricing model with the following parameters: expected volatility of 100%, risk-free interest rate of 0.25%, dividend rate of 0% and expected life of 2 years, and was charged to share issuance costs.

In addition, the Company paid Haywood a corporate finance fee of \$25,000 of which \$20,000 was paid in cash and the remaining \$5,000 through the issuance of 40,000 common shares at the IPO price. In addition, the Company reimbursed Haywood expenses for \$30,978.

Other share issuance cost included prospectus-printing cash payments of \$1,481, and \$57,500 in legal and consulting fees related to the offering incurred through accounts payable and accrued liabilities.

The following table details the share capital of the Company from incorporation on October 17, 2019 and up to September 20, 2020:

Issuance	Date of issuance	Number of shares #	Price per share \$	Cash proceeds \$	Non-cash value \$
Share issued on incorporation	Oct 17, 2018	1	0.005	-	-
Non-brokered private placement (founders of Company) (i)	Feb 15, 2019	3,600,000	0.005	18,000	-
Non brokered private placement (ii)	Aug 12, 2019	2,985,866	0.05	149,293	-
Shares issued for property acquisition (iii)	Aug 12, 2019	2,000,000	0.05	-	100,000
Shares issued as payment for work done on mineral property (iv)	Aug 12, 2019	500,000	0.05	-	25,000
Shares issued for property acquisition (v)	Oct 11, 2019	2,000,000	0.05	-	100,000
Non brokered private placement (vi)	Nov 07, 2019	1,525,000	0.10	152,500	-
Initial public offering (vii)	Sep 30, 2020	4,600,000	0.125	575,000	-
Agent's Corporate Finance Fee (vii)	Sep 30, 2020	40,000	0.125	-	5,000
Shares issued in settlement of debt (viii)	Sep 30, 2020	300,000	0.125	-	37,500
Other share issue costs	to date	-	-	(106,429)	(104,999)
		17,550,867	0.07	788,364	162,501

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5. Share capital (cont'd...)

b) Issued and outstanding (cont'd):

- (i) This issuance consisted of 3,600,000 units, with each unit consisting of one common share and one share purchase warrant; each warrant entitling its holder to purchase a common share at an exercise price of \$0.10 per share until October 17, 2023 (five years after incorporation). Of the founders' units 450,000 were subscribed by a director of the Company for cash proceeds of \$2,250 and are held in escrow pursuant to the terms outlined in the Prospectus.
- (ii) Of the non brokered private placement at a price of \$0.05 per share, 224,000 shares were issued to directors of the Company for cash process of \$11,200 and remain in escrow pursuant to the terms outlined in the Prospectus.
- (iii) 2,000,000 units with a fair value of \$0.05 per unit for a total value of \$100,000 were issued to Prospección y Desarrollo Minero del Norte, S.A. de C.V. ("ProDeMin") for the acquisition of a mineral property (notes 6 and 7). Each unit consists of one common share and one share purchase warrant, with each warrant entitling its holder to acquire one common share at an exercise price of \$0.10 per share for a period of five years from the date of issuance. The \$0.05 fair value of these units was determined based on the most recent closing, on August 12, 2019, of a cash private placement at that price. These units remain in escrow pursuant to the terms outlined in the Prospectus.
- (iv) 500,000 shares with a fair value of \$0.05 per share for a total value of \$25,000 were issued to ProDeMin as payment for work completed on a mineral property (notes 6 and 7). The \$0.05 fair value of these shares was determined based on the most recent closing, on August 12, 2019, of a cash private placement at that price. These shares remain in escrow pursuant to the terms outlined in the Prospectus.
- (v) 2,000,000 units with a fair value of \$0.05 per unit for a total value of \$100,000 were issued to Minera Cascabel, S.A. de C.V. ("Cascabel", a company incorporated under the laws of Mexico and carrying mineral exploration contracting) for the acquisition of a mineral property (notes 6 and 7). Each unit consists of one common share and one share purchase warrant, with each warrant entitling its holder to acquire one common share at an exercise price of \$0.10 per share for a period of five years from the date of issuance. The \$0.05 fair value of these units was determined based on the most recent closing, on August 12, 2019, of a cash private placement at that price. These units remain in escrow pursuant to the terms outlined in the Prospectus.
- (vi) 1,525,000 common shares with a fair value of \$0.10 per share were issued to investors for gross cash proceeds of \$152,500.
- (vii) Issuance of 4,600,000 common shares at a price of \$0.125 per share pursuant to the IPO as described at the beginning of this Note 5(b). Additionally, 40,000 common shares at the same price per share were issued to Haywood in payment of \$5,000 of its corporate finance fee.
- (viii) 300,000 common shares issued at a fair value of \$0.125 per share were issued to a consultant in settlement of consulting fees of \$37,500 incurred in connection to the IPO and charged as share issuance costs.

As at September 30, 2020, and as mentioned above for each instance, an aggregate of 4,674,001 common shares and 4,450,000 share purchase warrants remain in escrow pursuant to the terms of the Prospectus.

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(An exploration-stage company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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5. Share capital (cont'd...)

c) Warrants:

The following warrants have been issued:

	September 30, 2020		December 31, 2019	
	Number of Warrants	Exercise Price	Number of Warrants	Exercise Price
	#	\$	#	\$
Balance, beginning of year	7,600,000	0.10	-	-
Issued for cash	-	-	3,600,000	0.10
Issued for exploration and evaluation assets	-	-	4,000,000	0.10
Balance, end of the period	7,600,000	0.10	7,600,000	0.10

As at September 30, 2020, the following share purchase warrants are outstanding:

date	issued for	date	price	outstanding
			\$	#
February 15, 2019	Cash	October 17, 2023	0.10	3,600,000
August 12, 2019	Exploration & evaluation assets	August 12, 2024	0.10	2,000,000
October 11, 2019	Exploration & evaluation assets	October 11, 2024	0.10	2,000,000
			0.10	7,600,000

The fair value of the 3,600,000 warrants issued as part of the founders' units was \$nil.

The fair value of the 2,000,000 warrants issued on August 12, 2019 was \$61,249, and \$61,483 for the 2,000,000 warrants issued on October 11, 2019. These fair values were calculated using the Black-Scholes option pricing model and charged as Exploration and Evaluation assets. The parameters used were as follows: risk-free interest rate: 1.26% and 1.58%, respectively; expected share price volatility: 100%; expected life of the warrants in years: 4.5; and expected dividend yield: 0% for both sets of warrants. An aggregate of 4,450,000 warrants remain in escrow pursuant to the terms of the Prospectus.

d) Stock options:

On September 30, 2020, the Company granted an aggregate of 1,450,000 stock options to its directors, officers and some consultant. Each option is exercisable into one common share of the Company at a price of \$0.125 per share for a period of five years. The fair value of these options, charged as share-based compensation, was calculated at \$133,910 using the Black-Scholes option pricing model with the following parameters: expected volatility of 100%, risk-free interest rate of 0.36%, dividend rate of 0% and expected life of 5 years.

As at September 30, 2020, the 1,450,000 stock options were outstanding and exercisable.

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6. Transactions with related parties and key management personnel

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

The following transactions took place with key management personnel and other related parties of the Company:

Nine months ended September 30:	2020	2019
	\$	\$
Management fees paid to a company controlled by the Chief Financial Officer of the Company:	12,712	2,567
Share-based compensation paid to directors and officers of the Company	55,411	-
Share-based compensation paid to a company controlled by a director of the Company	23,088	-

In addition to the above transactions, both the ProDeMin Option (notes 5(b)(iii) and 7(a)) and the Cascabel Option (notes 5(b)(v) and 7(b)) 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.

As at September 30, 2020, an amount of \$8,164 (December 31, 2019 - \$7,261) remained payable to related parties for administration and accounting services and/or for reimbursable expenses, and paid subsequently.

7. 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 of the fifth anniversary of the date of issuance of these units (issued);
- 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) these units and shares are held in escrow pursuant to the terms outlined in the Prospectus; 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:

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7. Exploration and evaluation assets (cont'd...)

a) ProDeMin Option (cont'd...)

- pay ProDeMin an amount of US \$21,823 on the date of the Company's closing of its first financing following the listing of its common shares on a recognized Canadian stock exchange;
- incur 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 incurring 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 made or 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	25,000
24 months from the above date	25,000
30 months from the above date	25,000
36 months from the above date	50,000
42 months from the above date	50,000
Total payments	240,000

b) 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); these units are held in escrow pursuant to the terms outlined in the Prospectus;
- the Company will make a cash payment to the Mexican Mining Authorities of US \$27,489 no later than the week following the closing of the IPO, as directed by Cascabel, related to taxes owed for the 2019 fiscal year;

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7. Exploration and evaluation assets (cont'd...)

b) Cascabel Option (cont'd...)

- o 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:

Period	Work Commitment	Cash Payment	Shares issued	Other requirements
First two years, cumulative	\$75,000	Nil	Nil	Deliver technical report to NI 43-101 standards
Each of third and fourth years	\$100,000	US \$100,000	Nil	Nil
Fifth year	\$500,000	US \$300,000	2,000,000 shares	Drilling program of at least 2,500 metres

- o Prismo will perform sufficient assessment work to satisfy the applicable government work commitment costs on the Property through the end of each tax period; and
- o Prismo will maintain the mineral concessions in good standing.

During the year ended December 31, 2019 and the nine months ended September 30, 2020, the Company incurred the following exploration and evaluation investments:

	CAD \$	(USD) \$
Balance, December 31, 2018	-	
ProDeMin option - cash	33,545	25,000
ProDeMin option - shares	125,000	
ProDeMin option - warrants	61,249	
Concession payments under the ProDeMin Option	20,069	15,000
Work towards preparation of NI 43-101 report	16,206	
Assays and laboratory	310	
Other	494	
Balance, September 30, 2019	256,873	
Concession payments under the ProDeMin Option	31,605	25,000
Cascabel option - shares	100,000	
Cascabel option - warrants	61,483	
Other	3,080.00	
Balance, December 31, 2019	453,041	
Concession payments under the ProDeMin Option	34,872	25,000
Technical reports	3,441	
Other	5,473	
Balance, September 30, 2020	496,827	

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8. Financial instruments

The Company classifies cash, receivables, accounts payable and accrued liabilities, and due to related parties at amortized cost. At present, the Company does not have any FVTPL or FVTOCI financial assets.

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the date of the statement of financial position, and how the entity manages these risks.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

Currency Risk

As at September 30, 2020, all of the Company's cash was held either in Canadian dollars or US dollars. The Company incurs expenditures in Canada and Mexico, and as such is exposed to currency risk associated with these costs. However, at this stage, the Company believes that the currency risks are immaterial.

Interest rate and credit risk

The Company has no loans and is therefore not subject to interest rate or credit risk.

Liquidity risk

The Company will depend on the advances provided by public and/or private investors. The liquidity risk relates to the low cash position and the dependence on these investments. See Note 1 for further discussion regarding liquidity risks.

PRISMO METALS INC.
(An exploration-stage company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

Three and nine months ended September 30, 2020 and 2019
(Unaudited - Expressed in Canadian dollars except where indicated)

9. Capital disclosures

The Company's objective when managing capital is to maintain a flexible capital structure for its projects for the benefit of its stakeholders. Capital is comprised of the Company's shareholders' equity. The Company's main source of funds is from the funds received from private and or public investors (Notes 1 and 5).

The Company manages the capital structure and makes appropriate adjustments to it based upon changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets.

The Company's investment policy is to invest its available cash in Canadian chartered banks and from time to time in guaranteed term deposits at fixed interest rates established at the time of investment. All its funds are available for project and corporate objectives.

The Company considers cash to include amounts held in banks. The Company will place its cash with institutions of high credit worthiness. On September 30, 2020, the Company had cash of \$501,142 (December 31, 2019 – \$175,581)

The Company is not subject to any externally imposed capital requirements.

10. Subsequent event

On October 15, 2020, the Company issued 172,500 common shares at a price of \$0.125 per share to Haywood as an exercise of 50% of its agent's option, for cash proceeds to the Company of \$21,562.

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