Prisma Exploration Inc.

(formerly Prisma Capital Inc.)

Condensed Interim Financial Statements

For the Three and Six Months Ended June 30, 2022 and 2021

(Unaudited)

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim financial statements of Prisma Exploration Inc. (the "Company") have been prepared by and are the responsibility of the Company's management.

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its independent auditors have not performed a review of these condensed interim financial statements.

Prisma Exploration Inc. (formerly Prisma Capital Inc.)
Condensed Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	Note		June 30, 2022		December 31, 2021
ASSETS					
Current assets					
Cash		$	200,899	$	233,904
Prepaid expenses			-		10,000
			200,899		243,904
Non-current assets					
Exploration and evaluation assets	3		89,998		89,998
TOTAL ASSETS		**$**	**290,897**	**$**	**333,902**
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities		$	20,698	$	21,270
TOTAL LIABILITIES		**$**	**20,698**	**$**	**21,270**
SHAREHOLDERS' EQUITY					
Share capital	4	$	391,795	$	381,795
Accumulated deficit			(121,596)		(69,163)
TOTAL SHAREHOLDERS' EQUITY		**$**	**270,199**	**$**	**312,632**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**290,897**	**$**	**333,902**

Nature and continuance of operations (Note 1)

Approved by the board of directors and authorized for issue on August 3, 2022:

"Brent Hahn"	*"David Eaton"*
Brent Hahn, Director	David Eaton, Director

Prisma Exploration Inc. (formerly Prisma Capital Inc.)
Condensed Interim Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian Dollars)

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Expenses				
Office and administration costs	$ 18	$ 20	$ 36	$ 38
Filing and regulatory fees	6,742	5,765	19,346	5,765
Professional and consulting fees	15,027	6,876	26,678	19,439
Transfer agent fees	-	157	6,373	157
Net loss and comprehensive loss	**$ (21,787)**	**$ (12,818)**	**$ (52,433)**	**$ (25,399)**
Loss per share – basic and diluted	**$ (0.00)**	**$ (0.00)**	**$ (0.01)**	**$ (0.01)**
Weighted average number of common shares outstanding	**7,060,901**	**5,202,659**	**7,039,354**	**4,833,829**

Prisma Exploration Inc. (formerly Prisma Capital Inc.)
Condensed Interim Statement of Changes in Shareholders' Equity
(Unaudited - Expressed in Canadian Dollars)

	Notes	Share capital						
		Number of shares		Amount		Accumulated Deficit		Total Shareholders' Equity
Balance at December 31, 2020		**4,460,901**	**$**	**131,795**	**$**	**(7,921)**	**$**	**123,874**
Share issuance for cash	5	2,500,000		250,000		-		250,000
Net loss for the period		-		-		(25,399)		(25,399)
Balance at June 30, 2021		**6,960,901**	**$**	**381,795**	**$**	**(33,320)**	**$**	**348,475**
Balance at December 31, 2021		**6,960,901**	**$**	**381,795**	**$**	**(69,163)**	**$**	**312,632**
Shares to be issued for acquisition of property interests	3, 4	100,000		10,000		-		10,000
Net loss for the period		-		-		(52,433)		(52,433)
Balance at June 30, 2022		**7,060,901**	**$**	**391,795**	**$**	**(121,596)**	**$**	**270,199**

Prisma Exploration Inc. (formerly Prisma Capital Inc.)
Condensed Interim Statements of Cash Flows
(*Unaudited - Expressed in Canadian Dollars*)

		Six months ended June 30, 2022		Six months ended June 30, 2021
Operating activities				
Net loss	$	(52,433)	$	(25,399)
Changes in working capital:				
Accounts payable and accrued liabilities		9,428		6,377
Prepaid expenses		10,000		(5,000)
Net cash flows used in operating activities		**(33,005)**		**(24,022)**
Financing activities				
Deferred financing costs		-		250,000
Net cash flows provided by financing activities		**-**		**250,000**
Net change in cash		(33,005)		225,978
Cash, beginning		233,904		56,114
Cash, ending	**$**	**200,899**	**$**	**282,092**
Non-cash activities:				
Shares issued for acquisition of property interest	$	10,000	$	-
Cash paid:				
Cash paid during the period for interest	$	-	$	-
Cash paid during the period for income taxes	$	-	$	-

1. Nature and continuance of operations

Prisma Exploration Inc. (formerly Prisma Capital Inc.) (the "Company") was incorporated on March 21, 2018, under the laws of the Province of British Columbia, Canada. The Company is a resource exploration company and is focused on the acquisition, exploration and development of mineral properties. On February 11, 2022, the Company changed its name to Prisma Exploration Inc. On January 17, 2022, the Company's shares began trading on the Canadian Securities Exchange under the stock symbol "PMS".

The head office, records office and registered address of the Company are located at 750 West Pender Street, Suite 401, Vancouver, British Columbia, Canada V6C 2T7.

These condensed interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. At June 30, 2022, the Company had not yet achieved profitable operations and had accumulated losses of $121,596 since its inception (December 31, 2021 – $69,163). The Company expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuation as a going concern is dependent upon the successful results from its business activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These condensed interim financial statements do not give effect to adjustments to the carrying value and classification of assets and liabilities and related expense that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption is not appropriate, material adjustments to the financial statements could be required.

Since March 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID- 19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

2. Statement of compliance and basis of presentation

Statement of compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with the International Accounting Standards 34 – Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRC"). The accounting policies and methods of computations applied by the Company in these condensed interim financial statements are the same as those applied in the Company's audited financial statements as at and for the year ended December 31, 2021.

2. Statement of compliance and basis of presentation (continued)

Basis of presentation

These condensed interim financial statements have been prepared on a historical cost basis except for financial instruments classified as fair value through profit and loss, which are stated at their fair values. In addition, these condensed financial statements have been prepared using the accrual basis of accounting. The condensed interim financial statements are presented in Canadian dollars unless otherwise specified.

Significant accounting policies

The accounting policies followed by the Company are set out in Note 3 to the audited financial statements for the year ended December 31, 2021 and have been consistently followed in the preparation of these condensed interim financial statements. The Company used the same accounting policies and methods of computation as in the audited annual financial statements for the year ended December 31, 2021.

New accounting pronouncements

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's condensed interim financial statements.

3. Exploration and evaluation assets

McGillivray Property

On October 5, 2020, the Company entered into an option agreement to acquire 100% undivided interest in twenty (20) mineral claims comprising the property called "McGillivray" located near Lytton, in the Kamloops Mining Division of British Columbia.

In consideration for the 100% undivided interest in the property, the Company shall pay the aggregate sum of $212,500 which includes the deposit of $7,500, as paid at the time of signing of the agreement, issue to the optionor a total of 900,000 shares and complete a minimum expenditure, as per the below schedule:

Date	Shares		Cash Payment			Expenditures	
On signing	100,000	(issued)	$ 7,500	(paid)	$	55,000	(met)
1st anniversary	100,000	(issued) (Note 4)	10,000	(paid)		-	
2nd anniversary	100,000		15,000			50,000	
3rd anniversary	200,000		30,000			-	
4th anniversary	200,000		50,000			50,000	
5th anniversary	200,000		100,000			-	
Total	**900,000**		**$ 212,500**		**$**	**155,000**	

Further, under the McGillivray option agreement, the Company and the optionor have also agreed upon a net smelter return royalty (the "NSR"), pursuant to the terms and consideration of which the optionor shall receive the 2% NSR from the Company. The Company can repurchase the 1.5% NSR upon payment to the optionor of $1,000,000. On the commencement of commercial production, the NSR shall be increased to 3%.

During the year ended December 31, 2021, the Company made a cash payment of $10,000 as per the agreement. During the period ended June 30, 2022, pursuant to the option agreement, the Company issued 100,000 shares with a fair value of $10,000 to fulfill the 1st anniversary share obligation (Note 4).

(Unaudited - Expressed in Canadian dollars)

3. Exploration and evaluation assets (continued)

The following is a description of the Company's exploration and evaluation asset and the related expenditures incurred for the six months ended June 30, 2022 and year ended December 31, 2021:

		June 30, 2022		December 31, 2021
Property acquisition costs				
Balance, beginning	$	30,000	$	10,000
Additions		-		20,000
Balance, ending	$	30,000	$	30,000
Exploration and evaluation costs				
Balance, beginning	$	59,998	$	62,760
Costs incurred during the period:				
Assaying		-		(212)
Consulting		-		(887)
Maintenance		-		(290)
Geological		-		(1,265)
Travel and accommodation		-		(108)
Balance, ending		59,998		59,998
Total	$	89,998	$	89,998

4. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At June 30, 2022, there were 7,060,901 (December 31, 2021 – 6,960,901) issued and fully paid common shares.

On February 9, 2022, the Company issued 100,000 shares with a fair value of $10,000 pursuant to the McGillivray option agreement (Note 3).

Warrants

The following is a summary of warrant transaction and warrants outstanding as at June 30, 2022:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2021	2,500,000	$0.15
Balance, June 30, 2022	2,500,000	$0.15

(Unaudited - Expressed in Canadian dollars)

4. Share capital (continued)

The following is a summary of warrants as at June 30, 2022:

Expiry Date	Exercise Price	Number of Warrants	Weighted Average Remaining Contractual Life (Years)
June 4, 2026	$0.15	2,500,000	3.93

Stock options

The Company has not issued any options and no options were outstanding as at June 30, 2022 and December 31, 2021.

5. Related party transactions

As at June 30, 2022 and December 31, 2021, the Company had no amount due to the related parties.

The Company did not have any related party transactions during the six months ended June 30, 2022 and 2021.

6. Financial instruments

Fair value

The Company's financial instruments consist of cash and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these investments. Cash is classified as Level 1.

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.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is not exposed to credit risk.

6. Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company’s access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as high.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk.

Capital management

The Company defines its capital as shareholders’ equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration and development of mineral properties. The Board of Directors do not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company’s management to sustain future development of the business. The properties in which the Company currently has an interest are in the exploration stage. As such, the Company has historically relied on the equity markets to fund its activities. In addition, the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will need to raise additional funds. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company’s approach to capital management during the six months ended June 30, 2022.

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

7. Segmented information

The Company operates in a single reportable operating segment – exploration of mineral properties.