

PRISM RESOURCES INC.

(An Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

Six Months Ended June 30, 2017 and 2016

Corporate Head Office

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**NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed interim consolidated financial statements 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 Interim Consolidated Financial Statements.

PRISM RESOURCES INC.

(An Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

June 30, 2017 and 2016

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PRISM RESOURCES INC.

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CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

	June 30, 2017	December 31, 2016
ASSETS		
Current assets		
Cash	\$ 203,076	\$ 630,582
Accounts receivable	59,393	29,582
Prepaid expenses	20,089	32,661
	282,558	692,825
Marketable Securities	3,400	600
Property and equipment	7,215	2,676
Exploration and evaluation assets (note 3)	1,133,396	1,099,979
	\$ 1,426,569	\$ 1,796,080
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 55,380	\$ 38,548
Due to related parties (note 6)	50,947	17,000
	106,327	55,548
Shareholders' equity		
Share capital (note 4)	16,443,801	16,054,697
Share-based payments reserve	829,611	603,610
Accumulated other comprehensive loss	(4,600)	(7,400)
Deficit	(15,948,570)	(14,910,375)
	1,320,242	1,740,532
	\$ 1,426,569	\$ 1,796,080

Approved on behalf of the Directors:"Robert Baxter"

Director

Robert Baxter

"Scott Ross"

Director

Scott Ross

PRISM RESOURCES INC.

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CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Expenses				
Consulting fees (notes 4 and 6)	\$ 289,214	\$ -	\$ 417,665	\$ 3,879
Depreciation	368	-	736	-
Exploration and evaluation expenditures (notes 4 and 6)	301,148	212,056	422,799	227,531
Investor relations (note 4)	25,292	2,642	55,126	3,780
Listing and filing fees	2,584	6,189	10,807	13,061
Office	14,858	296	23,500	468
Professional fees (note 4)	48,387	10,072	60,658	11,072
Travel	3,450	1,319	35,578	1,319
Loss before other items	(685,301)	(232,574)	(1,026,869)	(261,110)
Other items				
Interest income	4	992	4	1,399
Foreign exchange (gain) loss	(8,088)	(1)	(11,330)	23
Total other income (loss)	(8,084)	991	(11,326)	1,422
Net loss for the period	(693,385)	(231,583)	(1,038,195)	(259,688)
Other comprehensive income				
Items that may be reclassified subsequently to net loss:				
Fair value adjustment on marketable securities	1,800	-	2,800	200
Comprehensive loss for the period	\$ (691,585)	\$ (231,583)	\$ (1,035,395)	\$ (259,488)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.01)
Weighted average number of common shares outstanding	51,219,019	23,025,593	50,289,868	23,025,593

PRISM RESOURCES INC.

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CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

SIX MONTHS ENDED JUNE 30

	2017	2016
Operating activities		
Net loss for the period	\$ (1,038,195)	\$ (259,688)
Items not affecting cash:		
Share-based payments (note 4)	212,475	-
Depreciation	780	-
Unrealized loss on foreign exchange	3,241	-
Changes in non-cash working capital items:		
Accounts receivable	(29,811)	(1,714)
Prepaid expenses	12,572	(9,185)
Accounts payable and accrued liabilities	16,832	175,040
Due to related parties	33,947	-
Cash used in operating activities	(788,159)	(95,547)
Investing activities		
Acquisition of exploration and evaluation assets	(33,417)	(118,421)
Purchase of property and equipment	(5,319)	-
Cash used in investing activities	(38,736)	(118,421)
Financing activities		
Cash received from issuance of shares	431,100	-
Share issuance costs	(28,470)	-
Cash used in financing activities	402,630	-
Effect of foreign exchange on cash	(3,241)	-
Decrease in cash during the period	(427,506)	(213,968)
Cash, beginning of the period	630,582	221,289
Cash, end of the period	\$ 203,076	\$ 7,321
Supplemental cash flow information		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -
Non-cash transactions		
Equity issued as agent compensation	\$ 13,526	\$ -

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CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Share-based Payments Reserve	Accumulated other comprehensive income (loss)	Deficit	Total
Balance, December 31, 2015	23,025,593	\$ 13,550,395	\$ 406,680	\$ (7,600)	\$ (13,505,317)	\$ 444,158
Fair value adjustment on marketable securities	-	-	-	200	-	200
Net loss for the period	-	-	-	-	(259,688)	(259,688)
Balance, June 30, 2016	23,025,593	13,550,395	406,680	(7,400)	(13,765,005)	184,670
Shares issued for private placement	15,854,000	1,585,382	-	-	-	1,585,382
Shares issued for exploration and evaluation assets (note 3)	9,830,000	983,000	-	-	-	983,000
Agent's compensation shares	640,800	64,080	-	-	-	64,080
Share issuance costs	-	(128,160)	-	-	-	(128,160)
Share-based payments	-	-	196,930	-	-	196,930
Net loss for the period	-	-	-	-	(1,145,370)	(1,145,370)
Balance, December 31, 2016	49,350,393	16,054,697	603,610	(7,400)	(14,910,375)	1,740,532
Shares issued for private placement	2,395,000	431,100	-	-	-	431,100
Share issuance costs	-	(41,996)	13,526	-	-	(28,470)
Share-based payments	-	-	212,475	-	-	212,475
Fair value adjustment on marketable securities	-	-	-	2,800	-	2,800
Net loss for the period	-	-	-	-	(1,038,195)	(1,038,195)
Balance, June 30, 2017	51,745,393	\$ 16,443,801	\$ 829,611	\$ (4,600)	\$ (15,948,570)	\$ 1,320,242

The accompanying notes form an integral part of these condensed interim consolidated financial statements

PRISM RESOURCES INC.

(An Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

SIX MONTHS ENDED JUNE 30, 2017 AND 2016

1. NATURE OF OPERATIONS AND GOING CONCERN

The principal business activity of Prism Resources Inc. (the “Company”) is the acquisition and exploration of mineral properties. The Company was incorporated under the *Business Corporations Act* (British Columbia). The Company is an exploration stage company.

The head office, registered address and records office of the Company are located at Suite 214 – 3540 West 41st Avenue, Vancouver, British Columbia V6N 3E6, Canada. The registered address and records office of the Company is located at Suite 1500 – 1055 West Georgia Street, Vancouver, British Columbia V6E 4N7, Canada.

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from June 30, 2017. Management is aware in making its assessment of material uncertainties relating to events or conditions that may cast significant doubt upon the Company’s ability to continue as a going concern, as explained below.

Several adverse conditions cast significant doubt on the validity of this assumption. The Company has incurred operating losses of \$1,041,192 for the period ended June 30, 2017 (2016 - \$259,688), is currently unable to self-finance operations, has a working capital of \$176,231 (December 31, 2016 - \$637,277), a deficit of \$15,951,567 (December 31, 2016 - \$14,910,375), limited resources, no source of operating cash flow and no assurances that sufficient funding will be available to conduct further exploration and development of its exploration and evaluation assets.

The Company does not generate cash flow from operations, and has therefore relied principally upon the issuance of securities for financing. Future capital requirements will depend on many factors including the Company's ability to execute its business plan. The Company intends to continue relying upon the issuance of securities to finance its future activities, but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company. Although these condensed interim consolidated financial statements do not include any adjustments that may result from the inability to secure future financing, such a situation would have a material adverse effect on the Company’s business, results of operations and financial condition.

The business of resource exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable operations. The Company has no source of revenue, and has significant cash requirements to meet its administrative overhead and to acquire, explore and maintain its exploration and evaluation assets. The recoverability of the carrying value of exploration and evaluation assets is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these assets, and future profitable production or proceeds from disposition of exploration and evaluation assets. The carrying value of the Company’s exploration and evaluation assets do not reflect current or future values.

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SIX MONTHS ENDED JUNE 30, 2017 AND 2016

2. SIGNIFICANT ACCOUNTING POLICIES**Basis of presentation**

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34, “*Interim Financial Reporting*”. The condensed interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2016, which have been prepared in accordance with IFRS as issued by the IASB.

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as investment held-for-trading, which are stated at their fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting. These condensed interim consolidated financial statements are prepared in Canadian dollars, which is also the Company’s functional currency.

Approval of consolidated financial statements

The condensed interim consolidated financial statements for the six months ended June 30, 2017 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on August 24, 2017.

Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned integrated subsidiaries, 0938980 B.C. Ltd. and Compañía Minera Prism Peru S.A.C. (“Prism Peru”). All significant intercompany balances and transactions have been eliminated upon consolidation.

3. EXPLORATION AND EVALUATION ASSETS

The Company has capitalized the following acquisition costs for its exploration and evaluation assets relating to the Huampar Project during the period ended June 30, 2017:

	Huampar Project, Peru	Total
Acquisition costs		
Balance, December 31, 2016	\$ 1,099,979	\$ 1,099,979
Additions during the period	33,417	33,417
Balance, June 30, 2017	\$ 1,133,396	\$ 1,133,396

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3. EXPLORATION AND EVALUATION ASSETS (cont'd)**Property acquisitions****Huampar Project, Peru**

On June 13, 2016, the Company entered into an assignment and assumption agreement (the “Agreement”) with Trevali Mining Corporation (“Trevali”), Nueva Condor S.A. (“Nueva”) and a private individual (“PI”) whereby the Company replaced the contractual position of Trevali in the Share Purchase Agreement (“SPA”) between Trevali, Nueva and PI dated January 3, 2012. Under the SPA, Trevali has the right to acquire from PI 53,137,866 shares of Nueva representing 100% of the capital stock of Nueva. The sole interest of the Company in purchasing the shares of Nueva is to acquire ownership of its mining rights in order to develop mining activities. Pursuant to the terms and conditions of the Agreement:

The Company:

- Is in the process of completing the share purchase agreement;
- Issued 5,750,000 of its common shares to Trevali on the closing date as consideration for the Nueva shares;
- Paid \$US 35,000 to Trevali as consideration for the additional mining properties; and
- Amended, with PI, certain sections of the SPA as described.

Pursuant to the terms and conditions of the amended SPA, the Company will:

- Pay to PI a Net Smelter Return Royalty (“NSR”) equal to 3% of the actual spot market value of the mineral production obtained from the mining rights received. An estimate of the 3% NSR will be calculated by Nueva at the end of each calendar quarter and the actual NSR will be calculated at the end of each calendar year. The Company has the following successive options to acquire the NSR partially as follows – the first 1% for \$US 1,500,000 (“Option 1”); and the second 1% for \$US 2,000,000 (“Option 2”). Options 1 and 2 are valid for six years from the date of the Agreement.
- Issue common shares of the Company as follows - 2,000,000 common shares to PI (issued); 1,000,000 shares to PI provided he has complied with obligations specified in the SPA (issued); 200,000 common shares to another individual provided PI has complied with an obligation specified in the SPA (issued); and 100,000 shares to another individual provided he has complied with obligations specified in the SPA (issued).
- Pay cash to PI as follows - \$US 245,000 in 49 monthly instalments of \$US 5,000 (US 30,000 paid) from the date of TSXV approval; and 5% of the amount of credits listed in the SPA that are recognized by the bankruptcy authority in the Eventual Bankruptcy Procedure, as defined, once the relevant credits have been recognized.
- Pay Soles 30,000 to Servicios Knowhow y Gestiones S.A.C. en liquidacion (“SKG”) in exchange for the transfer of all credits that SKG might have against Nueva.
- From the second anniversary of the date of the Agreement, and provided that PI has complied with specified provisions of the SPA, pay to PI minimum annual compensation of \$US 100,000 as a forward payment for the NSR. This minimum amount is to be paid until the year following the date on which the Company starts production in the mining rights and the NSR begins to accrue. These forward payments will be offset against the NSR once it begins to accrue.

During the year 2016, the Company issued 780,000 common shares as a finder’s fee for this transaction to an arm-length’s party. The Company received TSXV approval and the Agreement closed on July 21, 2016.

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SIX MONTHS ENDED JUNE 30, 2017 AND 2016

3. EXPLORATION AND EVALUATION ASSETS (cont'd)**Realization of assets**

The investment in exploration and evaluation assets comprises a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal. Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

The amounts shown for acquisition costs represent costs incurred to date and do not necessarily reflect present or future values. These costs will be depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the claims allowed to lapse.

Title to exploration and evaluation assets

The acquisition of title to exploration and evaluation assets is a detailed and time-consuming process. The Company has taken steps, in accordance with industry standards for the current stage of exploration activities, to verify title to assets in which it has an interest. Although the Company has taken every reasonable precaution to ensure that legal title to its properties is properly recorded in the name of the Company, there can be no assurance that such title will ultimately be secured.

Environmental expenditures

The operations of the Company may in the future be affected from time to time in varying degrees by changes in environmental regulations, including those for future removal and site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company vary greatly and are not predictable. The Company's policy is to meet or, if possible, surpass standards set by relevant legislation by application of technically proven and economically feasible measures.

Environmental expenditures that relate to ongoing environmental and reclamation programs are charged against earnings as incurred or capitalized and amortized depending on their future economic benefits. Estimated future removal and site restoration costs, when the ultimate liability is reasonably determinable, are charged against earnings over the estimated remaining life of the related business operation, net of expected recoveries. The Company has determined, as of June 30, 2017, the disturbances to earth are minimal, and therefore did not record provisions for environmental rehabilitation expenditures.

4. SHARE CAPITAL**Authorized**

Unlimited number of voting common shares without par value.

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SIX MONTHS ENDED JUNE 30, 2017 AND 2016

4. SHARE CAPITAL (cont'd)**Issued**

During the period ended June 30, 2017:

On April 21, 2017, the Company closed a non-brokered private placement and raised gross proceeds of \$431,100 through the issuance of 2,395,000 Units at a price of \$0.18 per Unit. Each Unit consists of one common share and one common share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at an exercise price of \$0.35 until April 21, 2020. In connection with the financing, the Company paid \$27,720 in finders' fees and issued 154,000 agent warrants in share issuance costs, valued at \$13,526. Each agent purchase warrant entitles the agent to purchase one common share of the Company at a price of \$0.35 until April 21, 2020.

Stock options

The Company has a stock option plan (the "Plan") under which it is authorized to grant options to executive officers, directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the Plan, the exercise price of each option equals the market price of the Company's stock, less applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of five years with vesting terms determined by the Board of Directors.

On May 26, 2017, the Company granted 1,950,000 options that vested quarterly over twelve months to directors, officers and consultants of the Company. The options are exercisable at a price of \$0.18 per share for a period of five years.

Stock option transactions are summarized as follows:

	June 30, 2017		December 31, 2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of the period	4,850,000	\$ 0.17	1,600,000	\$ 0.32
Granted	1,950,000	\$ 0.18	3,500,000	\$ 0.11
Cancelled	(1,650,000)	\$ (0.28)	(250,000)	\$ (0.32)
Balance, end of the period	5,150,000	\$ 0.14	4,850,000	\$ 0.17

The weighted average remaining contractual life of options outstanding at June 30, 2017 was 3.17 (December 31, 2016 – 2.0) years.

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(Expressed in Canadian Dollars)

SIX MONTHS ENDED JUNE 30, 2017 AND 2016

4. SHARE CAPITAL (cont'd)**Stock options (cont'd)**

Stock options outstanding and exercisable are as follows:

Expiry date	June 30, 2017			December 31, 2016		
	Exercise price	Options outstanding	Options exercisable	Exercise price	Options outstanding	Options exercisable
May 23, 2017	\$ -	-	-	\$ 0.32	950,000	950,000
May 25, 2017	\$ -	-	-	\$ 0.32	400,000	400,000
July 29, 2019	\$ 0.10	2,650,000	2,650,000	\$ 0.10	2,950,000	2,950,000
September 20, 2019	\$ 0.17	300,000	300,000	\$ 0.17	300,000	300,000
November 25, 2019	\$ 0.19	250,000	187,500	\$ 0.19	250,000	62,500
May 26, 2022	\$ 0.18	1,950,000	1,912,500	\$ -	-	-
		5,150,000	5,050,000		4,850,000	4,662,500

Share-based payments

During the year ended June 30, 2017, the Company granted 1,950,000 (2016 - nil) stock options with a fair value of \$202,982 (2016 - \$nil), or \$0.1041 (2016 - \$nil) per option, calculated using the Black-Scholes option pricing model. Share-based payments have been allocated as follows:

For the six months ended June 30,	2017	2016
Consulting fees	\$ 161,345	\$ -
Exploration and evaluation expenditures	10,409	-
Investor relations	14,698	-
Professional fees	26,023	-
	\$ 212,475	\$ -

The following weighted average assumptions were used for the Black-Scholes option pricing model calculations:

	2017	2016
Risk-free interest rate	0.96%	N/A
Expected life of options	5 years	N/A
Expected annualized volatility	70.28%	N/A
Expected dividend yield	0.0%	N/A
Forfeiture rate	0.0%	N/A

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SIX MONTHS ENDED JUNE 30, 2017 AND 2016

4. SHARE CAPITAL (cont'd)**Warrants**

	June 30, 2017		December 31, 2016	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Balance, beginning of the period	8,567,800	\$ 0.13	-	\$ -
Issued	2,549,000	\$ 0.35	8,567,800	\$ 0.13
Balance, end of the period	11,116,800	\$ 0.18	8,567,800	\$ 0.13

The weighted average remaining contractual life of warrants outstanding at June 30, 2017 was 2.23 (December 31, 2016 – 2.56) years.

Warrants outstanding:

Expiry date	June 30, 2017		December 31, 2016	
	Exercise price	Number of warrants	Exercise price	Number of warrants
July 21, 2019	\$ 0.13	7,927,000	\$ 0.13	7,927,000
July 21, 2019 (agent's compensation warrants)	\$ 0.13	640,800	\$ 0.13	640,800
April 21, 2020	\$ 0.35	2,395,000	\$ -	-
April 21, 2020 (agent's compensation warrants)	\$ 0.35	154,000	\$ -	-
		11,116,800		8,567,800

The Company uses the fair value method for determining fair value for all agent warrants and compensation warrants issued during the period. The fair value of agent warrants and compensation warrants were determined using the Black-Scholes option pricing model based on the following assumptions:

	2017	2016
Risk-free interest rate	0.79%	N/A
Expected life of options	3 years	N/A
Expected annualized volatility	86.48%	N/A
Expected dividend yield	0.0%	N/A
Forfeiture rate	0.0%	N/A

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5. NET PROFIT INTEREST

The Company has a 7.5% Net Profits Interest in certain mining claims in the Porcupine Mining District of Ontario, Canada (“Royalty”) owned by Detour Gold Corp. (“Detour”).

On July 10, 2017, the Company announced that it had entered into an agreement (the “Royalty Purchase Agreement”) with AuRico Metals Inc. and AuRico Metals Canadian Royalty partnership (together “Au Rico”) for the sale by the company of the Royalty to AuRico. Following the announcement, the Company and AuRico received a written communication from Detour claiming the Royalty is invalid and unenforceable against Detour, notwithstanding Detour’s long and consistent disclosure record to the contrary.

On July 21, 2017, the Company announced that the Royalty Purchase Agreement had been terminated, as a direct result of Detour’s newly stated position repudiating any obligations under the Royalty.

On August 1, 2017, the Company announced that it has filed a Notice of Civil Claim in the Supreme Court of British Columbia against Detour. In its claim the Company seeks general and special damages, costs and interest, as well as a declaratory judgment that its Royalty owned by Detour is a valid charge and enforceable as against Detour.

6. RELATED PARTY TRANSACTIONS

During the period ended June 30, 2017 and 2016, the Company entered into the following transactions with related parties:

Management compensation

Key management personnel compensation is comprised of the following:

For the six months ended June 30,	2017	2016
Consulting fees to CEO	\$ 120,000	\$ -
Consulting fees to CFO and Corporate Secretary	21,000	-
Directors’ fees (included in consulting fees)	66,719	-
Geological consulting fees to Vice-President Exploration	80,000	-
Share-based payments to CEO, CFO, Vice-President Exploration and directors	161,345	-
	\$ 449,064	\$ -

At June 30, 2017, included in due to related parties was \$50,947 (December 31, 2016 - \$17,000) in expenses owing to directors.

These amounts were unsecured and non-interest-bearing.

The Company has also entered into change of control agreements with officers of the Company. In the case of termination, the officers are entitled to an amount equal to a multiple (ranging from one times to two times) of the sum of the annual base fees then payable to the officer and the immediate vesting of all granted and unvested stock options if the Company terminates the engagement within 12 months of a change of control without cause.

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7. EXPLORATION AND EVALUATION EXPENDITURES

The exploration and evaluation expenditures were as follows for the six months period ended June 30:

	2017	2016
Huampar Project		
Assay	\$ -	\$ 5,931
Communications	3,067	-
Community relations	18,640	-
Consulting	200,839	221,056
Depreciation	44	-
Field expenses	9,362	535
Geological	49,536	-
Health and safety	45,749	-
Mining rights and licenses	60,412	-
Transportation	13,235	-
Travel	21,915	9
	\$ 422,799	\$ 227,531

8. SEGMENTED INFORMATION

The business of the Company is the acquisition, exploration and development of mineral properties, which is considered one business segment.

Geographic information is as follows:

	June 30, 2017			December 31, 2016		
	Canada	Peru	Total	Canada	Peru	Total
Cash	\$ 117,263	\$ 85,813	\$ 203,076	\$ 600,450	\$ 30,132	\$ 630,582
Exploration and evaluation assets	-	1,133,396	1,133,396	-	1,099,979	1,099,979
Other assets	24,136	65,961	90,097	27,886	37,633	65,519
Total assets	\$ 141,399	\$1,285,170	\$1,426,569	\$628,336	\$1,167,744	\$1,796,080
For the six months ended June 30,				2017		2016
Net loss for the period – Canada				\$ 747,164		\$ 259,688
Net loss for the period – Peru				291,031		-
Net loss for the period				\$ 1,038,195		\$ 259,688

PRISM RESOURCES INC.

(An Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

SIX MONTHS ENDED JUNE 30, 2017 AND 2016

9. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support future business opportunities. The Company defines its capital as shareholders' equity. The Board of Directors does 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 Company currently has no source of revenues, and accordingly, is dependent upon external financings to fund activities. In order to carry future projects and pay for administrative costs, the Company will spend its existing capital deficiency and raise additional funds as needed. 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 period ended June 30, 2017. The Company is not subject to externally imposed capital requirements.

10. SUBSIDIARIES

Significant subsidiaries for the six months ended June 30, 2017 and 2016 are:

	Country of Incorporation	Principal Activity	The Company's effective interest for 2017	The Company's effective interest for 2016
0938980 B.C. Ltd.	British Columbia, Canada	Holding company	100%	100%
Compañía Minera Prism Peru S.A.C.	Peru	Holding company	100%	100%
