

PRIZE MINING CORPORATION

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED FEBRUARY 28, 2017

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

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

The accompanying unaudited condensed consolidated interim financial statements of Prize Mining Corporation as at February 28, 2017 and for the six months ended February 28, 2017 and February 29, 2016 have been prepared by and are the responsibility of the Company's management. The Company's Audit Committee and Board of Directors have reviewed and approved these interim financial statements. In accordance with National Instrument 51 – 102, the Company discloses that its auditors have not reviewed the accompanying unaudited condensed consolidated interim financial statements for the six months ended February 28, 2017.

PRIZE MINING CORPORATION**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION (unaudited)**

(Expressed in Canadian dollars)

	February 28, 2017	August 31, 2016
ASSETS		
Current assets		
Cash	\$ 159,454	\$ 10,122
Marketable securities (Note 3)	41,457	35,532
Receivables (Note 11)	<u>10,133</u>	<u>4,628</u>
	211,044	50,282
Non-current assets		
Deposits & prepaid expenses	12,000	2,000
Loan receivable (Note 4)	52,823	<u>52,789</u>
Exploration and evaluation assets (Note 5)	<u>3,623</u>	-
TOTAL ASSETS	\$ 279,490	\$ 105,071
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 266,289	\$ 170,706
Accounts payable to related parties (Note 5)	<u>98,131</u>	<u>127,352</u>
	<u>359,420</u>	<u>298,058</u>
Shareholders' equity		
Share capital (Note 6)	36,859,110	36,648,6040
Share subscriptions received in advance (Note 6)	130,000	-
Reserves (Note 6)	1,767,173	1,767,173
Deficit	<u>(38,836,213)</u>	<u>(38,608,764)</u>
	<u>(79,930)</u>	<u>(192,987)</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 279,490	\$ 105,071

Nature and continuance of operations (Note 1)

Commitments (Note 11)

Approved and authorized by the Board on April 29, 2017

"Feisal Somji"

Director

"Tim Bergen"

Director

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

PRIZE MINING CORPORATION**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (unaudited)**

(Expressed in Canadian dollars)

FOR THE SIX MONTHS ENDED FEBRUARY 28, 2017

	Three Month Period Ended February 28, 2017	Three Month Period Ended February 29, 2016	Six Month Period Ended February 28, 2017	Six Month Period Ended February 29, 2016
GENERAL AND ADMINISTRATIVE EXPENSES				
Accounting and audit (Note 5)	\$ 15,500	\$ 17,340	\$ 31,000	\$ 32,840
Administration (Note 5)	7,500	7,500	15,000	15,000
Business development	11,487	-	13,187	-
Consulting fees	-	-	25,000	-
Interest and bank charges	583	662	1,367	1,218
Legal	-	-	9,659	2,185
Management fees (Note 5)	22,500	22,500	45,000	67,500
Office and miscellaneous	10,631	3,118	11,869	6,912
Property Investigation costs	-	-	8,588	-
Shareholder communications	-	804	743	1,429
Transaction costs	21,451	2,502	32,859	118,849
Transfer agent and regulatory fees	4,857	5,954	12,747	8,984
Travel and related costs	72	403	5,705	715
Loss before other items	(93,272)	(60,783)	(211,415)	(255,632)
OTHER ITEMS				
Interest income	725	673	1,459	1,411
Foreign exchange loss	-	-	(226)	-
Impairment of receivables (Notes 6 and 12)	(11,750)	(13,119)	(23,192)	(13,119)
Net realized gain on settlement of accounts payable for marketable securities (Note 3)	-	104,834	-	104,834
Unrealized gain (loss) on marketable securities (Note 3)	19,620	15,137	5,925	(570,393)
	8,595	107,545	(16,034)	(477,267)
Income (Loss) and comprehensive income (loss) for the period	(84,677)	46,762	(227,449)	(732,899)
Basic and diluted (loss) earnings per common share	\$ (0.02)	\$ 0.00	\$ (0.04)	\$ (0.03)
Weighted average number of common shares outstanding	5,659,135	2,737,288	5,659,135	2,534,212

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

PRIZE MINING CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (unaudited)
(Expressed in Canadian dollars)
FOR THE SIX MONTHS ENDED FEBRUARY 28, 2017

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (Loss) for the period	\$ (227,450)	\$ (732,899)
Items not affecting cash:		
Accrued interest income on loan receivable	(747)	(1,335)
Net gain on settlement of accounts payable for marketable securities	-	(104,834)
Unrealized loss (gain) on marketable securities	(5,925)	570,393
Changes in non-cash working capital items:		
Decrease (increase) in receivables	(5,506)	7,715
Increase in receivables from related parties (Note 5)	-	(11,224)
Increase in prepaid expenses	(10,000)	-
Increase in accounts payable and accrued liabilities	95,584	37,679
Decrease in accounts payable to related parties	(34,221)	(32,359)
Net cash used in operating activities	<u>(188,265)</u>	<u>(266,864)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid on GreenScience loan	713	-
Share issuance costs	(13,494)	(4,641)
Share subscriptions received in advance	130,000	-
Proceeds from issuance of capital stock	<u>224,000</u>	<u>254,000</u>
Net cash provided by financing activities	<u>341,219</u>	<u>249,359</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan advance	-	(50,000)
Exploration and evaluation assets	<u>(3,623)</u>	<u>-</u>
Net cash used in investing activities	<u>(3,623)</u>	<u>(50,000)</u>
Increase (decrease) in cash during the period	149,331	(67,505)
Cash, beginning of period	<u>10,123</u>	<u>95,582</u>
Cash, end of period	<u>\$ 159,454</u>	<u>\$ 28,077</u>
Supplemental disclosure with respect to cash flows (Note 10)		

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

PRIZE MINING CORPORATION**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (unaudited)**

(Expressed in Canadian dollars)

FOR THE SIX MONTHS ENDED FEBRUAR 28, 2017

	Number of Shares	Share Capital	Share Subscriptions Received in Advance	Reserves	Deficit	Total Shareholders' Equity
Balance, at August 31, 2015	2,331,135	\$ 36,394,720	\$ 10,000	\$ 1,767,173	\$ (37,763,882)	\$ 408,011
Share subscriptions received in advance	-	-	20,000	-	-	20,000
Loss and comprehensive loss for the period	-	-	-	-	(779,641)	(779,641)
Balance, February 29, 2016	2,331,135	36,394,720	-	1,767,173	(38,543,523)	(351,630)
Shares issued for cash	528,000	264,000	(30,000)	-	-	234,000
Share issuance costs	-	(10,116)	-	-	-	(10,116)
Income and comprehensive income for the period	-	-	-	-	(64,241)	(64,241)
Balance, at August 31, 2016	2,859,135	36,648,604	-	1,767,173	(38,608,764)	(192,987)
Shares issued for cash	2,800,000	224,000	-	-	-	224,000
Share issuance costs	-	(13,494)	-	-	-	(13,494)
Share subscriptions received in advance	-	-	130,000	-	-	130,000
Loss and comprehensive loss for the period	-	-	-	-	(227,449)	(227,449)
Balance, February 28, 2017	5,659,135	\$ 36,859,169	\$ 130,000	\$ 1,767,173	\$ (38,836,213)	\$ (79,930)

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

PRIZE MINING CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (unaudited)

(Expressed in Canadian dollars)

FOR THE SIX MONTHS ENDED FEBRUARY 28, 2017

1. NATURE AND CONTINUANCE OF OPERATIONS

Prize Mining Corporation (the “Company”) was incorporated under the Business Corporations Act (Alberta) on August 16, 1996. The Company’s head office and registered and records office address is Suite 810 – 706 7th Avenue SW, Calgary, AB, T2P 0Z1.

The interim financial statements of the Company are presented in Canadian dollars, unless otherwise indicated, which is the functional currency of the parent company and its subsidiaries.

On August 30, 2016, the Company consolidated its issued and outstanding capital on the basis of one (1) post-consolidation share for each ten (10) pre-consolidation shares. All per share amounts have been retroactively restated.

The Company is working to identify and evaluate new project opportunities for investment or acquisition.

These consolidated financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. At February 28, 2017, the Company had a working capital deficiency of \$148,376, had not yet achieved profitable operations and has an accumulated deficit of \$38,836,213 since its inception. The Company expects to incur further losses in the development of its business, all of which cast substantial doubt on the Company’s ability to continue as a going concern. The Company will require additional financing in order to meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly, these financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used then the adjustments required to report the Company’s assets and liabilities on a liquidation basis could be material to these financial statements.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements for the three and six months ended February 28, 2017 have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company’s August 31, 2015 annual consolidated financial statements which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”). The condensed consolidated interim financial statements have been prepared under the historical cost convention.

The condensed consolidated interim financial statements have been prepared using accounting policies consistent with those used in the Company’s August 31, 2015 annual consolidated financial statements.

PRIZE MINING CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (unaudited)

(Expressed in Canadian dollars)

FOR THE SIX MONTHS ENDED FEBRUARY 28, 2017

3. MARKETABLE SECURITIES

Marketable securities consist of 542,343 common shares (August 31, 2016 – 3,703,333 adjusted for a one-for-three reverse stock split effective March 16, 2015) of Brilliant Sands Incorporated (“Brilliant Sands”) (formerly Consolidated Goldfields Corporation) and 1 common share (August 31, 2016 – 1) of Athabasca Nuclear Corp..

On December 30, 2015, the Company settled accounts payable and accrued liabilities and accounts payable to related parties amounting to \$316,100 by assigning 3,161,000 shares in Brilliant Sands at a price of \$0.10 per share. The settlement resulted in a loss of \$253,571.

During the three and six-month periods ended February 28, 2017, the Company recorded an unrealized gain of \$19,620 (2016 – gain of \$15,537) and an unrealized gain of \$5,925 (2016 – loss of \$570,393), respectively, related to the marketable securities.

4. LOAN RECEIVABLE

The Company entered into an exclusivity agreement dated September 10, 2015 and a non-binding letter of intent dated May 12, 2015 which together set out the basic terms and conditions for the acquisition (the “Transaction”) by the Company of all of the issued and outstanding shares of GreenScience Technologies Inc. (“GreenScience”) in exchange for common shares of the Company. The Transaction was intended to constitute a Reverse Takeover of the Company under Policy 5.2 of the TSX-V.

On September 11, 2015, the Company entered into a loan agreement with GreenScience Technologies Inc. (“GreenScience”) in the amount of \$50,000 (the “Principal Sum”) with interest rate of 5.7% per annum (“Loan Rate”) and is secured by a security interest in all of the assets of GreenScience. Interest shall begin to accrue on the Principal Sum as of the date of the advance thereof by Company, shall be compounded quarterly and shall be computed on the basis of a 30 day month/360 day year. All interest on becoming overdue shall be treated, as to payment of further interest, as principal and shall bear compound interest at the rate of Loan Rate both before and after the obtaining of any judgment by the Company against GreenScience to the extent permitted by law.

The Principal Sum and interest due shall be payable as follows:

- (a) Four (4) consecutive quarterly installments of interest, each in the amount of \$713 shall be payable, in arrears, commencing on the earlier of September 11, 2016 and the third business day following the completion by GreenScience of a financing (each, an “Interest Payment Date”), subject to adjustment and prepayment of the Principal Sum as permitted pursuant to the terms of the Agreement.
- (b) Followed by twelve (12) consecutive equal quarterly installments of principal and interest, in arrears, commencing at the end of the third month following that in which the last installment set out in paragraph (a) above is payable (each, a “Principal Payment Date”, Interest Payment Date and Principal Payment Date are together referred to as a “Payment Date”), subject to adjustment pursuant to terms hereof and prepayment of the Principal Sum as permitted pursuant to the terms of the Agreement.
- (c) GreenScience shall repay the loan in full on the earlier of September 11, 2020 and any date of acceleration or prepayment in full of the loan pursuant to the terms of the agreement, at which time GreenScience shall repay in full, if any, the aggregate of the then-outstanding Principal Sum plus all accrued and unpaid interest thereon and all other fees, expenses or other amounts owed related to the loan.
- (d) If any payment due is not received within five (5) days of its due date, GreenScience shall pay a late charge equal to five (5%) percent of the amount in arrears.

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FOR THE SIX MONTHS ENDED FEBRUARY 28, 2017

4. LOAN RECEIVABLE (cont'd...)

As at February 28, 2017, the Company accrued \$1,459 of interest on the Principal Sum, which is included in the loan receivable balance. During the period ended February 28, 2017, the Company received an installment interest payment of \$713.

5. EXPLORATION AND EVALUATION ASSETS

Kena Project

During the period ended February 28, 2017 the Company entered into a pre-acquisition agreement with 1994854 Alberta, pursuant to which Prize has agreed to make an offer to acquire all of the outstanding shares of 1994854 Alberta on a 1:1 share-exchange basis. 1994854 Alberta entered into an option agreement with Apex Resources Inc., pursuant to which 1994854 Alberta has an option to earn an 80-per-cent interest in Apex's Kena and Daylight gold-copper properties (referred to above as the Kena project) located in the Nelson area of British Columbia, Canada, by making annual cash and share payments, and completing \$3-million in Kena project-related exploration expenditures over four years. 1994854 Alberta does not have any interests in any other mining assets.

The Kena Project covers approximately 8,000 hectares of mineral claims and has been assigned resources of measured plus indicated of 25,280,000 t at 0.60 g/t Au (490,000 oz Au) and inferred of 90,440,000 t at 0.48 g/t Au (1,399,000 Au). The Kena Project is comprised of the Kena Gold, Gold Mountain and Copper King showings together with the historic Euphrates and Gold Cup gold mines. The adjacent Daylight property is comprised of the historic Daylight, Starlight, Victoria and Great Eastern gold mines. The Gold Mountain and Kena Gold Zones have been partially tested with 24,000 metres of drilling in 158 diamond drill holes. A copy of a technical report entitled "Technical Report for the Kena Project, Nelson, BC", and dated effective February 7, 2013 prepared for Altair Resources Inc. by Gary Giroux, P. Eng., MASc. and Vivian Park, P. Geo. (the "Report") is available on SEDAR profile of Altair Resources Inc. at www.sedar.com. No work has been undertaken on the Kena Project since the effective date of the Report. The Report has been reviewed by William Dynes, B.Sc. (Hons), P. Geo., a consulting geologist, on behalf of the Company. William Dynes is a Qualified Person (as that term is defined in National Instrument 43-101). To the best of the Company's knowledge, information and belief, there is no new material scientific or technical information that would make the disclosure of the mineral resources set out above inaccurate or misleading. The Company engaged Vivian Park, P. Geo. to prepare an update of the Report, which included a non-contingent work program of not less than \$150,000 that will be conducted following the completion of the 199 Acquisition. The updated report was filed on SEDAR under the Company's profile on February 20, 2017.

The Option

The Option has a term of 4 years commencing from September 23, 2016 (the "**Effective Date**").

To exercise the Option and earn its 80% interest in the Kena Project, 199 will:

- i. make the following cash option payments to Apex:
 - a. within 5 business days from the Effective Date, \$500,000;
 - b. within twelve months from the Effective Date, an additional \$250,000;
 - c. within twenty-four months from the Effective Date, an additional \$250,000; and
 - d. within thirty-six months from the Effective Date, an additional \$250,000;

for total cash option payments of \$1,250,000; and

- ii. issue common shares of 199 to Apex as follows:
 - a. within 5 business days from the Effective Date, 375,000 shares;
 - b. within twelve months from the Effective Date, an additional 375,000 shares;
 - c. within twenty-four months from the Effective Date, an additional 375,000 shares; and
 - d. within thirty-six months from the Effective Date, an additional 375,000 shares;

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (unaudited)

(Expressed in Canadian dollars)

FOR THE SIX MONTHS ENDED FEBRUARY 28, 2017

5. EXPLORATION AND EVALUATION ASSETS (cont'd...)**The Option (cont'd...)**

for a total of 1,500,000 shares; and

iii. incur exploration expenditures on the Kena Project as follows:

- a. within twelve months from the Effective Date, \$100,000;
- b. within twenty-four months from the Effective Date, an additional \$400,000;
- c. within thirty-six months from the Effective Date, an additional \$1,000,000; and
- d. within forty-eight months from the Effective Date, an additional \$1,500,000,

for total exploration expenditures of \$3,000,000.

The initial cash payment of \$500,000 and the initial 375,000 share issuance have been paid and issued by 199 to Apex. In order to exercise the 80% option, 199 must also have its shares listed for trading on a recognized Canadian stock exchange, or assign its interest to a company that is listed on such an exchange.

After 199 has earned its 80% interest in the Kena Project, 199 has a second option to earn and acquire up to an additional 20% undivided interest in the Kena Project by making a \$2 million cash payment to Apex and granting a 1% net smelter returns royalty (the "**NSR Royalty**") on the Kena Project to Apex on or before the date that is 180 days following the date of exercise of the 80% option. 199 has the right to purchase one half of the 1% NSR for a purchase price of \$5,000,000 on or before the date in which commercial production commences. If the 20% option is not exercised, 199 and Apex will establish an 80:20 joint venture for the further management, exploration and development of the Kena Project. During the term of the option exploration programs will be developed by 199 in consultation with Apex's geologists. 199 will manage and direct the Kena Project exploration programs.

6. RELATED PARTY TRANSACTIONS

During the period ended February 28, the Company carried out the following transactions with related parties:

a) Purchase of services:

	February 28, 2017	February 29, 2016
Administration and accounting fees to a company controlled by an officer and director of the Company	\$ 36,000	\$ 36,000
Transaction consulting fees to a company controlled by a director	\$ -	\$ 27,500

During the period ended February 28, the Company carried out the following transactions with related parties:

b) Key management compensation:

Key management includes the President & CEO and CFO. The compensation paid or payable to key management or companies controlled by them for director and/or management services is shown below:

	February 28, 2017	February 29, 2016
Fees reported as management fees to companies controlled by officers and directors	\$ 45,000	\$ 67,500

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (unaudited)

(Expressed in Canadian dollars)

FOR THE SIX MONTHS ENDED FEBRUARY 28, 2017

6. RELATED PARTY TRANSACTIONS (cont'd...)

c) Accounts payable to related parties:

	February 28, 2017	August 31, 2016
Director and companies controlled by key management for management and support services and related out-of-pocket expenses	\$ 86,593	\$ 114,314
Consulting fees and related out-of-pocket expenses to a company controlled by a director of the Company	\$ 6,538	\$ 13,038
	\$ 93,131	\$ 127,352

Amounts due to related parties are due to officers and companies controlled by directors and officers, are unsecured, are non-interest bearing and have no specific terms of repayment.

7. SHARE CAPITAL

Authorized

Unlimited number of voting common shares without par value

Unlimited number of preferred shares, issuable in series

February 28, 2017

On October 19, 2016, the Company issued 2,800,000 common shares pursuant to the non-brokered private placement offering at a price of \$0.08 per common share for gross proceeds of \$224,000. All Shares issued in the Offering are subject to a four-month hold period that expires on February 19, 2017. The shares are also subject to contractual resale restrictions. These restrictions expire in respect of 10% of the shares on the closing date and on the closing date and in respect of an additional 15% of the shares on each of the 6, 12, 18, 24, 30 and 36 month anniversaries of the closing date. The Company incurred share issuance costs of \$13,435 in connection with the second and final tranche of the Offering.

On February 14, 2017 the Company announced its intention to complete a non-brokered private placement financing for proceeds of \$3.5 million (the "Private Placement") The Private Placement was to be comprised of the sale from treasury of (i) 2,222,222 common shares issued on a "flow-through" basis for the purposes of the *Income Tax Act* (Canada) at the price of \$0.45 per share for gross proceeds of \$1.0 million and (ii) 7,142,857 units at a price of \$0.35 per Unit for gross proceeds of \$2.5 million. Each unit will consist of one (1) common share and one-half common share purchase warrant. Each full warrant will entitle the holder to purchase one-half common share at a price of \$0.75 per common share for a period of 24 months from the closing date of the Private Placement. If the common shares trade at or above \$0.85 for a period of 10 consecutive trading days, the Company will have the right to reduce the term of the warrants to a 30 day period beginning the day after the day the Company provides notice of the reduction of the term to the warrant holders. The securities issued in connection with the private placement will be subject to a four month hold period under applicable Canadian securities law. The Company closed the private placement on April 11, 2017.

As at February 28, 2017, the Company had received and was holding \$130,000 provided by prospective investors in connection with the private placement. Upon the closing of the of the private placement, the Company reallocated \$130,000 from share subscriptions received in advance to share capital.

PRIZE MINING CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (unaudited)

(Expressed in Canadian dollars)

FOR THE SIX MONTHS ENDED FEBRUARY 28, 2017

7. SHARE CAPITAL (cont'd...)**August 31, 2016**

On December 21, 2015, the Company issued 528,000 Units pursuant to the second and final tranche of the Offering at a price of \$0.50 per Unit for gross proceeds of \$264,000. Each Unit consists of one common share of the Company and one half of one share purchase warrant. Each share purchase warrant will be exercisable into one common share at a price of \$2.50 per share until December 21, 2016. The Company incurred share issuance costs of \$4,641 in connection with the second and final tranche of the Offering.

February 29, 2016

On May 21, 2015, the Company announced a non-brokered private placement for gross proceeds of up to \$500,000 through the issuance of up to 10,000,000 units (the "Units") with a subscription price of \$0.05 per Unit (the "Offering"). Each Unit will consist of one common share in the Company and one-half of one transferable share purchase warrant (the "Warrants").

Subject to the satisfaction of certain conditions, including that the common shares of the Company are then listed on the TSX Venture Exchange ("TSX-V") and receipt of TSX-V approval, the warrant expiry date will be deemed to be the 24 month anniversary date of closing of the Offering.

On December 22, 2015, the Company issued 5,280,000 Units pursuant to the second and final tranche of the Offering at a price of \$0.05 per Unit for gross proceeds of \$264,000. Each whole Warrant will be exercisable into one Warrant Share at a price of \$0.25 per Warrant Share until December 22, 2016. The Company incurred share issuance costs of \$4,641 in connection with the second and final tranche of the Offering.

As at August 31, 2015, the Company had received and was holding \$10,000 provided by prospective investors in connection with the second and final closing of the Offering. Upon the closing of the second tranche of the private placement, the Company reallocated \$10,000 from share subscriptions received in advance to share capital.

Share Purchase Warrants

Share purchase warrant transactions are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance, August 31, 2016	264,000	\$	0.25
Issued	-	\$	-
Expired	<u>264,000</u>	\$	0.25
Balance, February 28, 2017	-	\$	-

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (unaudited)

(Expressed in Canadian dollars)

FOR THE SIX MONTHS ENDED FEBRUARY 28, 2017

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

The Company has an incentive stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option shall not be less than the market price permitted by any stock exchange on which the Company's common shares are listed or any other regulatory body having jurisdiction. The options can be granted for a maximum term of 5 years and are subject to vesting provisions determined by the board of directors.

The fair value of the options granted was estimated on the date of grant using the Black-Scholes options-pricing model. Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding at August 31, 2015	107,500	\$ 3.00
Granted	-	-
Expired	<u>107,500</u>	<u>\$ 3.00</u>
Outstanding at August 31, 2016 and February 28, 2017	-	\$ -
Options exercisable as of February 28, 2017	-	\$ -

8. LOSS PER SHARE

The calculation of basic and diluted loss per share for the six months ended February 28, 2017 was based on the loss attributable to common shareholders of \$232,450 (2016 – \$732,899) and a weighted average number of common shares outstanding of 5,659,135 (2016 – 2,534,212).

9. CAPITAL MANAGEMENT

The Company's capital structure consists of items in shareholder's equity (deficiency). The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. The Company manages the capital structure and makes adjustments to it in light of 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 debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

PRIZE MINING CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (unaudited)

(Expressed in Canadian dollars)

FOR THE SIX MONTHS ENDED FEBRUARY 28, 2017

10. SEGMENTED INFORMATION

The Company currently conducts substantially all of its operations in Canada in one business segment being the exploration of resource properties.

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the three months ended February 28, 2017, the Company:

- a) Recognized interest of \$1,459 on the loan receivable, which was added to the loan receivable amount (Note 4).

During the three months ended February 29, 2016, the Company:

- a) settled \$316,100 of accounts payable and accrued liabilities and accounts payable with related parties for an aggregate of 3,161,000 shares in Brilliant Sands (See Notes 3 and 5);
- b) upon the closing of the second tranche of the Offering, reallocated \$10,000 from share subscriptions received in advance to share capital (Note 6); and
- c) recognized interest of \$1,335 on the loan receivable, which was added to the loan receivable amount (Note 4).

12. COMMITMENTS

The Company has entered into a lease agreement for its office premises. The remaining minimum lease payments, including operating costs, pursuant to the lease agreement, are approximated as follows:

Year ending August 31,

2017	\$ 18,701
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Pursuant to office sharing agreements entered into on November 1, 2014 and January 1, 2015 with a company with a director and an officer in common and with another private company, respectively, each party has agreed to reimburse the Company for one-half each of the Company's lease payments.

During the six month period ended February 28, 2017, the Company recovered office lease payments of \$23,192 (2016 - \$13,119), of which \$23,192 was recorded in receivables. At February 28, 2017, there were indicators that suggest that the amounts owing to the Company in respect of office lease payments recoverable are impaired, and as such, the Company recognized an impairment expense of \$23,192.

PRIZE MINING CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (unaudited)

(Expressed in Canadian dollars)

FOR THE SIX MONTHS ENDED FEBRUARY 28, 2017

13. FAIR VALUE MEASUREMENT

The Company classifies its fair value measurements in accordance with the three-level fair value hierarchy as follows:

- 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 fair value of cash and marketable securities are based on level 1 inputs of the fair value hierarchy.

14. SUBSEQUENT EVENTS

The Acquisition

The Company issued an aggregate of 28,525,000 common shares (“Acquisition Shares”) on April 11, 2017 in exchange for all of the outstanding shares of 199. A total of 28,000,000 of the Acquisition Shares are subject to contractual resale restrictions. These restrictions expire in respect of 10% of the Shares on the closing date and in respect of an additional 15% of the Acquisition Shares on each of the 6, 12, 18, 25, 30, and 26 month anniversaries of the closing date. Completion of the Acquisition is subject to the TSX Venture Exchange (the “TSXV”) acceptance.

In connection with the completion of the Acquisition, David Schmidt, has joined the Company Board of Directors, which is now comprised of Feisal Somji, Timothy Bergen, Bryson Goodwin and David Schmidt.

The Financing

The Financing was completed on April 11, 2017 for total gross proceeds of \$5,999,949.55. The Company issued 14,285,285 units (the “Units”) at a price of \$0.35 for proceeds of \$4,999,849.75 and 2,222,444 flow-through shares (the “Flow-Through Shares”) at a price of \$0.45 for proceeds of \$1,000,099.80. Each Unit was comprised of one common share of the Company (each a “Common Share”) and one half of one common share purchase warrant (each a “Warrant”). Each whole Warrant will be exercisable into one Common Share (the “Warrant Share”) at a price of \$0.75 per Warrant Share for a period of 24 months from the closing date of the Offering (the “Warrant Expiry Date”). If, at any time after August 12, 2017, the closing price of the outstanding Common Shares of the Corporation on the TSX Venture Exchange (the “TSXV”) is greater than \$0.85 for a minimum of 10 consecutive trading days (whether or not trading of the common shares occurs on such days, provided that the common shares trade on at least five of such trading days), the Warrants will be subject to an accelerated expiration at the option of the Corporation, triggered by the Corporation providing the Holder with notice of such accelerated expiration (the “Early Termination Notice”). Upon delivery of the Early Termination Notice, the Warrants shall expire at 5:00 p.m., Calgary, Alberta time, on the 30th calendar day after giving the Early Termination Notice.

All Common Shares issued in connection with the Financing are subject to a four-month hold period that expires on August 12, 2017. In connection with the closing of the Financing, Prize paid finders’ fees to eligible parties. Finders acting in connection with the closing of the Financing received cash payments in the aggregate amount of \$317,159.14 together with 881,343 finders’ warrants (the “Finder Warrants”). Each Finder Warrant is exercisable by the holder to purchase one Common Share at a price of \$0.75 for a period of 24 months from the closing date of the Offering at any time prior to 5:00 p.m. (Calgary Time) after August 12, 2017.